FINANCIAL TIMES

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WORLD NEWS

Meacher loses Observer libel action

Labour employment spokesman Michael Meacher lost his libel action over an Observer article which described him as a "louse" and accused him of lying about his family background.

The MP had complained that the newspaper wrongly accused him of playing down his middle class origins. Mr Meacher, who said he would appeal, faces a bill unofficially estimated at £200,000 for the costs of the 12-day trial.

Pensioners win ruling

Four Merseyside pensioners won the first round of a benefits fight that may cost the Government £80m a year. A social security appeals tribunal ruled that the Government exceeded its powers when it ended housing benefit supplements. Page 3

Emburey takes over

John Emburey will replace sacked Mike Gatting as England cricket captain in the second Test starting at Lord's on Thursday.

Deal with Iran agreed

Britain is to pay Iran about £1m to settle a compensation dispute. Iran's claim arose from damage at the end of the Iranian Embassy siege. Britain counter-claimed for damage to British Council premises in Iran. Page 2

Pretoria clamps down

South Africa tightened restrictions on the media and political dissent, lengthening the list of people who may not be quoted and curbing the activities of local news agencies. Page 2

Peerage for Rees-Mogg

Sir William Rees-Mogg, chairman of the new Broadcasting Standards Council, is one of four life peers created in the Queen's birthday honours list. Back Page

Dockyard jobs row

News that Devonport Dockyard is to shed 3,300 jobs by April 1990 prompted SDP leader and Devonport MP Dr David Owen to accuse the Government of misleading Parliament and trade unions. Page 4

Philippines land reform

President Corazon Aquino signed a land reform bill which officials say will benefit 3m landless Filipino farmers.

Democrat ethics probe

The US House of Representatives ethics committee is to investigate alleged impropriety over earnings from a book by House Speaker Jim Wright, who is due to chair the Democratic Party convention next month. Page 2

S Korean students fight

Forty thousand South Korean students fought police who formed a cordon round the capital to prevent them demonstrating for reunification with North Korea. Page 2

East bloc diplomatic link

East Germany and the Soviet Union want to follow the lead of East bloc trade group Comecon by establishing diplomatic ties with the European Community. Page 2

Hands across the sea

A civil flight on Monday will cross the Bering Strait to link Nome, Alaska, with Provideniya, Siberia, reopening a Soviet-US border closed for 40 years.

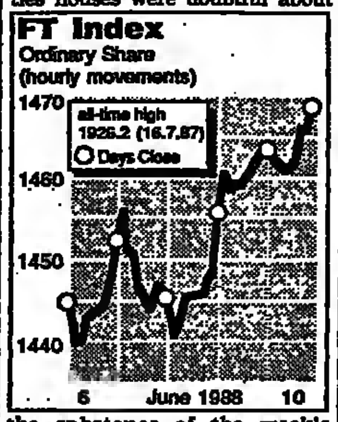
BUSINESS SUMMARY

Thorn EMI bid helped by French ruling

Thorn EMI regained the advantage in its takeover battle against Emess, UK electricals company, for French lighting producer Holophane after the French takeover panel said it considered irrevocable engagements which might block the way to a higher offer as unacceptable during a bid period.

Emess has made a FFr793.5m (£75.2m) bid for Holophane, for which it received signed commitments from shareholders representing 57 per cent of the company's equity.

INVESTMENT business remained thin and several London securities houses were doubtful about the substance of the week's advance in equity prices.



The FT index closed at 1,468.2, a rise of 4.5. Markets report, Page 12; Betting backs off the bear, Page 7; Lex, Back Page

HOARE GOVETT, stockbroking subsidiary of the US bank, Security Pacific, is to sell its private client business. Back Page; Analysis, Page 4

PHILIPS, Dutch electronics group, said it was cutting 900 jobs at its consumer electronics division at Eindhoven. Back Page

WHITEHALL is considering retaining a 49% stake in the electricity and water industries following privatisation. Back Page

BRITISH PETROLEUM revised forecasts of a decline in the Prudhoe Bay Alaskan oil field and said that by 1993 it expected to be producing 200,000 more barrels a day than it had forecast. Page 4

LONDON METAL EXCHANGE warned traders it would intervene if they did not adopt a responsible attitude in making cash metals available to the market. Page 4

AIRBUS of West Germany and McDonnell Douglas of the US will offer their A-330 and MD-11 airliners worldwide with the model L version of the Rolls-Royce RB-211-524 engine, after signing agreements with Rolls-Royce. Page 3

US ELECTRONICS industry is trying to recapture a share of the consumer electronics market lost to Asian manufacturers. Page 3

AUSTIN ROVER is trying to improve sales of its luxury Sterling model, which it launched in the US 16 months ago, with a series of television advertisements and dealer incentives. Page 4

POHANG Iron and Steel: Shares in the privatised South Korean steelmaker made their debut at Won 43,000 (£32.50) on the Seoul Stock Exchange, almost three times the subscription price. Page 10

ROWNTREE, York-based confectionery company, would provide an important base for the international development of Nestlé's chocolate and confectionery business, the managing director of the Swiss multinational food group, Mr Helmut Maucher said. Page 8

Clowes says personal wealth has been handed to receivers

By Nick Bunker, Ian Hamilton Fazey, Charles Hodgson and Richard Evans

MR PETER CLOWES, the fund manager at the centre of the Barlow Clowes affair, broke his silence last night to say that he had turned over all his personal wealth to receivers who were on the trail of £138m belonging to 11,000 private investors.

He had also turned over to Cork Gully, the insolvency practitioners, all the records relating to his small empire of offshore investment management companies, the most important of which - BCI International - faces liquidation in Gibraltar.

So far, only about £1m or £2m has been found on the Rock by Ernst & Whinney, the accountancy firm appointed to liquidate BCI. The rest of the money is believed to have been transferred to another Barlow Clowes company, Barlow Clowes and Partners (Jersey).

There are fears that up to a third of the estimated £133m invested in BCI, mainly by UK residents, may not be recoverable easily, if at all. BCI was an associate of Barlow Clowes Gilt Managers, which was wound up by the authorities in London on May 27. At his former offices in a small but modern two-storey block in Poynton, Cheshire, Mr Clowes pledged his full support to Cork Gully in returning all funds owed to investors. Investors in funds run by BCGM - which has liabilities of about £51m - should be repaid in full, he said.

"The gilts in the UK fund have been sold by the liquidators," he said. "They are now totally in cash and the value equals roughly the liability to clients. That has to be determined exactly yet, but there is no cause for alarm."

Flanked by Mr Roger Lane-Smith of Alsop Wilkinson, the solicitors' firm now acting for him, Mr Clowes said: "The first and most important point is that I am here. My major concern this week has been to negotiate a situation where all the assets are in safe hands.

"There is no question of me lining my pockets at the expense of a client.

"I could not reconcile with myself a situation where I was still a very wealthy man and there were clients who had not been repaid their capital."

Mr Clowes - who also claimed yesterday that at its peak his personal wealth totalled £25m - was bitter about what he saw as irresponsible press comment. He singled out stories about his yacht Boukephalas. Ernst & Whinney has been trying to seize the yacht, which was moored until yesterday in the harbour at Marbella in southern Spain.

In spite of his assurances that the BCGM funds would be repaid in full to investors, Mr Clowes had less to say about the situation regarding the £138m in BCI. He said that the problem now was to liquidate his group's offshore funds safely.

He said the group's funds in Gibraltar were in cash, gilts and 90-day commercial paper, some of which he said had to be "re-cycled" to maintain stability.

Mr Clowes's statements came at the end of a day which also saw the beginnings of political controversy over the affair.

At Westminster, Mr Tony Blair, Labour Treasury spokesman, said he had written to Lord Young, the Trade and Industry Secretary, demanding an inquiry into allegations that DTI officials ignored warnings about Barlow Clowes's activities three years ago.

Mr Blair has tabled a series of questions to establish whether there had been "gross negligence" by the DTI. Officials were reluctant to comment, but it is understood that a search of files was under way to see whether a warning was received.

In a separate development yesterday, the Gibraltar Supreme Court defused a row brewing on

Continued on Back Page

Satellite-only service plan for BBC2 and Channel 4

BY HUGO DIXON

THE GOVERNMENT is studying the possibility of making BBC2 and Channel 4 television programmes available only from satellite transmission.

The proposal, announced by the Home Office yesterday, stunned the broadcasting industry.

If the proposal were implemented, eventually only viewers prepared to buy satellite receiving dishes would be able to tune in to the two channels.

The terrestrial transmission frequencies now occupied by BBC2 and Channel 4 could then be used to transmit several more national or regional channels.

The Government stressed that the scheme was still at an exploratory stage. Its aim would be to give wider choice to viewers and a better deal for advertisers by increasing competition.

BBC2 and Channel 4 would continue in addition to be transmitted terrestrially for a number of years.

The BBC said it was concerned, none the less, that viewers who did not buy a satellite dish would no longer be able to watch the programmes they now receive.

Yesterday's announcement came at the end of a week of intense activity in satellite broadcasting during which Mr Rupert Murdoch and Mr Robert Maxwell announced plans for their media empires to operate satellite TV channels.

The Government said it was holding exploratory discussions with the chairmen of the BBC and the Independent Broadcasting Authority on the BBC2 and Channel 4 proposal.

The idea was to use two of the five channels allocated to the UK for direct broadcasting by satellite for the two channels.

One option would be to use the satellite being launched next year by British Satellite Broadcasting, which has been awarded the franchise for the remaining three channels.

Tha exploratory discussions also involve the British Satellite Broadcasting consortium.

The Government would not go into details about how the scheme might operate, saying it needed to explore the commercial and technical issues.

The BBC said that moving BBC2 to satellite could lead to higher picture and sound quality, but indicated that it would be much happier if it was given the satellite channel as an additional means of hroadcasting.

Channel 4 said it was too early to offer a view, but it is known to be concerned that a move to satellite could affect its finances. It could be used as an excuse to make Channel 4 sell its own advertising time — at present, it is sold hy the ITV companies — and it could then face a shortfall if not enough people bought satellite dishes.

More generally, industry observers were worried that the introduction of more terrestrial channels at the same time as Mr Murdoch, Mr Maxwell and BSB were all launching satellite channels would lead to excessive competition for limited advertising revenue.

BSB, which would presumably be paid for the use of its satellite, said it was "surprised and interested in the Government's radical idea."

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French bourse loses FFr500m

BY GEORGE GRAHAM IN PARIS

THE FRENCH stock exchange yesterday admitted it had suffered trading losses of nearly FFr500m (£47.4m) on its reserve funds during the October stock market crash.

The Chambre Syndicale des Agents de Change, which has since been transformed into the Société des Bourses Françaises as part of market reforms, said it had undergone "financial difficulties translated by losses of less than FFr500m on the Matif," the Paris financial futures exchange.

Tha losses appear to have wiped out nearly a quarter of the stock exchange guarantee fund. The size of this fund had for decades been a jealously guarded secret but Mr Xavier Dupont, the exchange chairman, said in March that after the October episode it totalled around FFr1.6bn.

Yesterday's news was greeted with considerable hilarity in stockbrokers' dealing rooms around Paris. The Chambre Syndicale is not the first organisation to admit to losses on the financial futures market, but it is probably the most august.

Banque de l'Entreprise, a small specialist bank owned by the French construction industry federations, announced losses of around FFr200m — twice its capital base — on the Matif, while Cogema, the state-controlled nuclear fuels company, said to December that it had lost FFr259m from its corporate treasury in unsupervised Matif dealings.

Cogema's announcement prompted Mr Edouard Balladur, then Finance Minister, to launch an investigation into the uses made by state companies of their treasury funds.

However, brokers were wondering yesterday how corporate treasurers could be expected to toe the prudential line if the stock exchange governing body itself overstepped the mark. They believe the losses were due not to fraud but to bad management.

Stock market rnmonrs suggested that most of the loss-making deals were handled by Dupont Denant, the stock exchange chairman's own firm, but Mr Dupont strongly denied this. He said, however, that the official managing the exchange funds had resigned at the end of last year.

The announcement of losses by the stock exchange governing body is another drama for the Matif, which scored an instant success when it was set np two years ago but which has suffered in recent months from its image as the home of France's "golden boy" dealers. The Matif has been seen as typifying the new financial markets and has, to its annoyance, been hlamed for increased volatility in trading.

Old-school stockbrokers will have to start treating the upstart market with greater respect.

Armenians close to open revolt against Moscow

BY QUENTIN PEEL IN MOSCOW

THE SOVIET UNION is facing civil disobedience amounting to virtual open revolt by tens of thousands of ethnic Armenians in the mountainous enclave of Nagorno-Karabakhskaya, according to a report published yesterday in Pravda, the Communist Party newspaper.

A three-week strike in the region has closed most factories and department stores, halted public transport and forced the introdnction of food rationing, according to the first semi-official version of the events.

Every morning tens of thonsands of people march in colnmns through the streets of Stepanakert, the principal town of the area. At night the streets are patrolled by vigilante squads, a Pravda special correspondent reported.

He said the situation was out of the control of the local Commnnist Party organisations and the population was living in an emotional atmospbere charged with rumour and hearsay.

The latest npsurge of mass protest has taken place in spite of strenuous efforts by the Soviet leadership to calm the demands of the Armenian and largely Christian population of Nagorno-Karabakhskaya, which is surrounded by Moslem-dominated Azerbaijan, to be transferred to the control of neighbouring Armenia.

Moscow's action has included the summary dismissal of the two Communist Party leaders in the region and the stripping of party membership from the former leader in the enclave. Moscow also promised large-scale investment and Armenian cultural programmes in the area.

It has stopped short of any commitment to reconsider the horder question in the near future.

The campaign began when it inspired a huge rally in Yerevan, the Armenian capital, attended by an estimated 1m people.

It subsequently sparked a violent race riot in the Azerbaijani city of Sumgait, leaving 32 dead.

Yesterday's report, the first to appear in the Soviet media, said slogans carried hy tbe demonstrators in Stepanakert urged: "Hold out until the end." It said they were demanding immediate consideration of the horder change.

"Tbe party organs in the region have no control over the situation," it said. "Appeals by the regional committee of tbe communist party of Azerbaijan to normalise the situation and resume work have produced no response."

Separate reports from Yerevan say that bundreds, sometimes thousands, of people are demonstrating daily in thet city, calling for the issue of Nagorno-Karabakhskaya to be debated in the Supreme Soviet meeting there next week. That demand has been accepted, but the demonstrations continue.

There was no mention in Pravda of the use of troops or police to control the disturbances, but wben tbe strike began they were reported on the streets.

The report said tostead that "so-called self-defence squads" had been set np at booths in the streets, supposedly to protect the population "from the Azerhaijanis."

Two non-Armenian residents were beaten up and fled to the neighbouring town of Shusha, inspiring an Azerbaijani counter-demonstration rejecting any border changes.

The whole area remains closed to foreign journalists and a trip to Yerevan organised by the state travel agency, Intourist, was abruptly cancelled a week ago. Mr Gennady Gerasimov, the government spokesman, admitted that it was probably because of the demonstrations.

The problem of ethnic rivalries represents a growing headache for Mr Mikhail Gorbachev, the Soviet leader, whose reforms to encourage more outspokenness and democracy have fuelled the long-standing demands of ethnic minorities.

He faces a potential conservative challenge to his policies at an extraordinary party conference at the end of the month, at which the npsurge in ethnic tension in Azerbaijan is likely to be used as an argument to slow down the pace of reform.

Pravda said the unrest in Nagorno-Karabakhskaya has cost the government 25.4m roubles (£23m) since it began in February.

WEEKEND FT

THE OLYMPIC SOAP SELL

The modern Olympic Games have descended into the market place in the struggle for commercial laurels, reports Stephen Aris

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FINANCE

Unit trusts and the future pricing policy

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THE SPOILT CITY

Colin Amery discovered that the heart of Bucharest is being ripped apart in an unprecedented display of building megalomania

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DIVERSIONS

How can you get the kids off your hands? Summer camps and courses could be the answer

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DYNASTY UNVEILED

Philip Ziegler found himself a stranger in the City while writing the biography of the Baring brothers

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SURVEY

Three pages on museums and art galleries

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MARKETS

DOLLAR

New York lunchtime:
DM 1.72025
FFr 5.809
SFr 1.4375
Y124.925
London:
DM 1.7195 (same)
FFr 5.8075 (5.806)
SFr 1.437 (1.436)
Y124.9 (125.2)
Dollar index 93.5 (same)
Tokyo close Y124.85

US LUNCHTIME RATES

Fed Funds 7¼%
3-month Treasury Bills:
yield: 6.64%
Long Bond: 101
yield: 9.02%

GOLD

New York: Comex August
$453.3 (467.1)
London: $475.25 (455)

STERLING

New York lunchtime $1.81375
London: $1.817 (1.815)
DM 3.125 (3.12)
FFr 10.5525 (10.5375)
SFr 2.61 (2.6075)
Y227 (227.25)
Sterling index 76.8 (76.7)

LONDON MONEY

3-month interbank:
closing rate 8⅛% (8⅝)

NORTH SEA OIL

Brent 15-day July (Argus)
$15.855 (16.375)

STOCK INDICES

FT-SE 100 1,849.8 (+8.3)
FT Ord 1,468.2 (+4.5)
FT-A All Share 955.97 (0.4%)
FT-A long gilt yield index:
High coupon: 9.21% (9.22)
New York lunchtime:
DJ Ind Av 2,108.11 (+14.76)
Tokyo:
Nikkei 27,920.36 (−151.66)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.30; Greece Dr120; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3 00; Norway Nkr10.00; Philipines Pes20; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L600; UAE Dh6.50; USA $1.00.

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CONTENTS

Soviet religion has regained respectability at confusing speed as the millennium approaches, reports **Quentin Peel**

Russian Orthodox Church wins the blessing of an atheist state

DOZENS of carpenters, both volunteers and hired men, were frantically at work last weekend building new stands in the grounds of Moscow's Danilov Monastery for dignitaries to attend the sumptuous celebrations planned for the millennium of the baptism of Rus – the arrival of the Christian faith in Kiev 1,000 years ago.

It seemed to symbolise the belated amazement with which the Russian Orthodox Church itself, and Christian believers in the Soviet Union, have greeted the enthusiastic blessing of the atheist state on their festivities.

Forty miles outside Moscow, behind the massive fortified walls of the Holy Trinity Monastery of St Sergius in Zagorsk, where embattled monks once survived 600 days of siege by Polish invaders, the hierarchy of the church met for the past four days. There, they plucked up the courage to revise the restrictive statutes forced upon them back in 1961 by the then Communist Party leader Mr Nikita Khrushchev, when the church agreed that its priests should be excluded from parish councils and limit themselves to nothing more than conducting church services.

For weeks now the official media have solemnly recorded such events, and exhibitions of icons, church meetings, lectures and articles to mark the millennium, in an outburst of official enthusiasm scarcely seen since the Moscow Olympics. For Christians in the Soviet Union it is all rather confusing.

At the same time many dissidents believe that the celebrations give a spurious impression that freedom of conscience already exists in the Soviet Union, and grant credibility to a church leadership which has for years been willing slavishly to accept the dictates of the atheist state.

There is no doubt that behind the official sanction for the celebrations lies a real rethinking about church-state relations within the Soviet leadership of Mr Mikhail Gorbachev. What remains uncertain, however, is why that rethinking is going on, what conclusion it will reach, and whether the church itself is prepared for its own *perestroika*, in line with the upheaval going on in Soviet secular society.

Patriach Pimen, left, addresses the council of the Russian Orthodox Church in Zagorsk

Historians say the state has always turned to the church for patriotic support in times of crisis, and seldom been disappointed.

The meeting between Mr Gorbachev and Patriarch Pimen at the end of April was the first such encounter between the leaders of church and state since 1943, when Stalin suddenly reversed his long-standing policy of brutal repression of believers to woo their support for the war effort. In return, they financed an entire tank division for him.

Perhaps today's Communist Party leader does not see the present passionate political debate in the Soviet Union, and tha threat of a conservative (orthodox communist) backlash against his reforms, as quite comparable with the war effort, but he certainly does appear to have decided that the church is a worthwhile ally.

He promised a new law to protect the freedom of conscience, which would "reflect the interests of religious organisations," although the law is being drafted by the state. It is widely expected to allow some greater role for churches in charity and educational work, currently forbidden under the Stalinist legislation of 1929.

In a recent interview with the magazine *Ogonyok*, Mr Konstantin Kharchev, a state official with more power than the patriarch (as head of the Department of Religious Affairs of the council of ministers), described the 1929 laws as "petty-minded regulation".

He admitted that there were as many as 70m believers in tha country, out of a total population of aome 280m.

In a revealing passage, he expressed the conviction that "believers will become consistent allies and participants in *perestroika* if they are given a better deal to remove their present status as second-class citizens".

Ironically, the church has in recent years sought to ingratiate itself with the secular power by avoiding involvement in domestic politics, concentrating its utterances on the safe themes of peace and disarmament.

Increasingly it appears to be the state which is pushing the church hierarchy to reform. The latest manifestation is the grudging agreement by the Orthodox leadership to hold talks with the Roman Catholic church on the plight of 4m Ukrainian Catholics, forcibly incorporated into the Orthodox church since 1946.

Dissident churchmen want to see a complete change in the church leadership, and have openly urged tha ailing Patriarch Pimen to quit. They say he is incapable of taking advantage of the sort of liberalisation Mr Gorbachev is contemplating.

The patriarch is doing his best to catch the new mood. Ha referred in a recent interview to "the blessed process of *perestroika*". But he is also frequently on record as defending the status quo between church and state, the very state of affairs which Mr Kharchev and Mr Gorbachev now admit to be far from perfect.

The reforms agreed by the church hierarchy at the council this week are still cautious. They marely remove self-imposed restrictions. Any real change in church behaviour will depend on the new law from the state. That reality remains unchanged in the Soviet Union.

Britain and Iran agree claims over embassies

By Robert Mauthner, Diplomatic Correspondent

BRITAIN and Iran yesterday reached broad agreement on mutual compensation claims for damage to their respective embassies in London and Tehran, thus laying the foundation for an improvement in their strained relations over the past decade.

Under the agreement reached in London between officials from both sides, Britain will pay Iran a net sum of £1m, calculated on the basis of £1.8m damages due to Iran and £800,000 damages claimed by Britain. The Foreign Office said the settlement was based essentially on British proposals made in May.

The British embassy in Tehran was damaged by rioting in 1978 and 1979, while Iran's mission in London was gutted by fire in 1980, when British commandos stormed the building to free diplomats held by opponents of Ayatollah Khomeini's regime.

The Foreign Office strenuously denied that the three-day talks in London also dealt with the issue of British hostages held in Beirut by pro-Iranian groups, including Mr Terry Waite, the Archbishop of Canterbury's special representative, and Mr John McCarthy, a television journalist. An official reiterated that it was not Britain's policy to make deals to obtain the release of hostages.

However, diplomatic observers are convinced that the financial settlement, which removes a long-standing dispute between Britain and Iran, is the prelude to further exchanges on political issues. It is clear that the creation of a better political climate between the two capitals can only help a solution of the hostages problem.

Some small but nevertheless significant moves have already been made by both sides. On the eve of the London talks, Iran gave permission to the brother of Mr Roger Cooper, a British businessman jailed on charges of spying in November 1985, to visit him in the Tehran prison in which he is being held.

At the same time, the Home Office said yesterday that Mr Abdul Nooripour, an Iranian jailed for 12 years for his part in a London bomb attack in 1980, had been released and deported to Iran last month, under normal British legal regulations allowing remission to prisoners who have served two-thirds of their sentences.

But officials could not deny that there was a "coincidence" between the decision and the talks on mutual damage claims.

S Korean students fight police

By Maggie Ford in Seoul

FOUR intrepid South Korean students slipped through a massive police cordon around the capital on Thursday, but nevertheless failed to meet their counterparts from North Korea waiting patiently at the border village of Panmunjom.

As 40,000 students battled riot police with rocks and fire bombs, demanding the opportunity to pursue the reunification of the divided country, Seoul was again drenched in tear gas on the anniversary of last year's demonstrations for democratic change.

US troops guarding the bridge across the Imjin River, which leads to the demilitarised zone on the border, were reportedly replaced by South Korean units to avoid any incidents. All tourist visits to the border village were suspended.

The students, who have sparked growing anti-Americanism in South Korea over the reunification issue, had hoped to meet the Northern students to start a dialogue. President Roh Tae Woo, who promised this week that the Government would relax its ban on discussion of the North, called on the students to abandon the march.

Opposition leaders said it should be postponed so a national consensus could be reached on reunification policy, but criticised the Government for its hard line against the students, who they said were motivated by patriotism.

Police had besieged the students inside one of Seoul's main universities to prevent the march, and government officials have refused to discuss the issue. Public support for the students' stand is not yet clear, however.

Although some observers believe the push for contact with the North could provoke the South Korean military, which has so far not interfered in the moves towards democracy, others pointed out that stability was not threatened since the majority did not support the students' approach.

S Africa tightens curbs on dissenters and media

BY ANTHONY ROBINSON IN JOHANNESBURG

THE SOUTH African Government has clamped the lid even more tightly on political dissent and the media by additional restrictions to the existing state of emergency which it renewed yesterday for another 12 months.

The tighter rules include a broader definition of people who may not be quoted, a ban on calling for the boycott of local elections, restrictions on local news agencies and streamlined procedures for the banning of offending publications.

The first, partial, state of emergency was declared in July 1985 at the height of the nationwide black revolt which cost 2,500 lives. It was re-imposed as a nationwide emergency in June 1986 and has been annually renewed with increasing severity since then.

The Government's main justification for re-imposing the state of emergency is to counter what it calls "a continuing revolutionary climate" within the country which it claims is aided and abetted from abroad. Opponents claim it is merely a device whereby an illegitimate minority government keeps itself in power by force.

The most important new media restrictions are contained in a clause which broadens the category of persons and organisations which may not be quoted and another aimed at curbing the activities of small local news agencies by demanding that such agency journalists and part-time "stringers" apply to a special register for permission to carry on business.

Up to now a plethora of small local agencies has provided the national and international media with detailed coverage of political events in small and rural communities around the country.

In a further indication of the Government's attitude towards the press, Mr Stoffel Botha, the Minister of Internal Affairs, who is responsible for the media, yesterday announced that his department was "looking into the presence of the British Broadcasting Corporation in South Africa".

This follows a threat to expel the BBC by Mr Adriaan Vlok, the Minister of Law and Order, angered by the showing on British television of a clandestinely-filmed documentary on children allegedly detained and tortured by the South African security forces.

The new restrictions make it an offence to quote not only anyone on the long list of banned or restricted persons and organisations but any person known to be "an office bearer or spokesman" of such an organisation.

Strictly interpreted this would make it illegal to quote, for example, Anglican Archbishop Desmond Tutu or coloured Dutch Reformed Church leader Dr Allan Boesak, both of whom are patrons of the UDF.

● South African companies have dismissed about 2,000 black workers for supporting a three-day protest strike this week, the country's biggest labour federation said, Reuter reports from Johannesburg.

"It is mostly small companies which are taking punitive action," the Congress of South African Trade Unions (COSATU), which claims 1m members, said.

African National Congress leader Mr Oliver Tambo yesterday denied South African government claims that his nationalist organisation would benefit from a London charity rock concert in honour of jailed leader Mr Nelson Mandela, Reuter reports from London.

The BBC has been criticised by Conservative MPs and newspapers for televising the concert worldwide.

Proceeds are to be shared between the London-based Anti-Apartheid Movement and seven aid agencies helping children in South Africa.

Rome acts against teachers' protests

By John Wyles in Rome

THE Italian cabinet yesterday issued an emergency decree aimed at ensuring that minority protests by schoolteachers against a new three-year, L5,600bn (£2.4bn) pay deal do not disrupt end-of-year examinations and assessments.

The accord has been much the most controversial action in the short life of the new Government led by Christian Democrat Mr Ciriaco De Mita because of its cost, its likely impact on other public sector pay demands and the near certainty that new taxes will be needed to fund it.

The already fragmented teaching unions have been bitterly divided by the agreement, with the most militant protesting that it will add to the teaching burden and fails to establish a permanent link between school and university salaries. However, unions representing about 70 per cent of Italy's 980,000 teachers signed the agreement late on Thursday evening and the communist-dominated CGIL is expected to follow next week.

Yesterday's decree waives some characteristically bureaucratic norms governing the number of teachers who must preside over examinations and take part in assessment committees.

In an interview published in yesterday's edition of the newspaper La Repubblica, Mr De Mita said the cost of the deal would fall after 1990, when the teaching corps would be reduced by 50,000 and as a result of other economies. The estimated L800bn needed to fund the agreement this year would have to be raised by a special tax, said Mr De Mita, although he agreed that a dedicated tax may not be possible.

The school deal has added to a growing sense of anxiety about the economic outlook, underlined this week by trade figures showing a deficit of L2,653bn in the first four months of the year. This compares with a surplus of L3,567bn a year earlier and is prompting the Government to prepare measures to damp domestic demand.

Soviet Union seeks relations with EC

BY DAVID BUCHAN IN BRUSSELS

THE Soviet Union and East Germany have immediately followed the establishment this week of formal relations between the European Community and its East bloc equivalent, Comecon, with requests to open bilateral diplomatic relations of their own with Brussels.

Mr Willy De Clercq, the EC external affairs commissioner, yesterday hailed the moves as ending 30 years of Soviet bloc non-recognition of the community.

The speed of the Soviet and East German moves, requesting diplomatic accreditation only hours after EC and Comecon officials initialled on Thursday an accord between the two economic organisations, surprised officials here.

The Soviets and East Germans, it is felt, may be making up for the fact that in recent years they have lagged behind approaches by other Comecon countries to Brussels.

The EC is negotiating, or renegotiating trade accords, with Hungary, Czechoslovakia and Romania, while Poland and Bulgaria have sounded out the community about reaching similar arrangements. These five have already indicated their early intent to follow the Soviets and East Germans in accrediting envoys in Brussels.

Mr De Clercq described the recently-expressed Soviet interest in negotiating a bilateral economic co-operation accord with the community as "a positive development". The EC would not open a representative office in Moscow accredited to Comecon, he said, while appearing to leave open the possibility that it might do so in the context of a bilateral agreement with the Soviets.

The commission has long sought to avoid conferring any equivalent supranational status on Comecon – hence its stress on bilateral deals with East European countries.

The prospect of the most far-reaching of these deals being negotiated with Hungary may be advanced next week when EC foreign ministers meet in Luxembourg. The key Hungarian demand has been the scrapping of community quantitative restrictions on its goods. Up to now the EC has only offered to do this by 1995.

EC ministers will next week discuss the possibility of scrapping these quotas earlier, by 1992, in return for Hungary guaranteeing greater access for Western businessmen to its market.

US Speaker faces ethics inquiry

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE Ethics Committee of the US House of Representatives announced yesterday that it was launching a preliminary investigation into allegations of impropriety against House Speaker Jim Wright, the man scheduled to chair the nationally-televised Democratic Party convention next month.

The move is a serious embarrassment for the party, many of whose leaders were in Michigan yesterday searching for unity ahead of the convention but facing a fierce struggle over the contents of the policy platform the party will present.

Meanwhile in Washington, the ethics committee decision to investigate charges that Mr Wright broke house rules in earning abnormally high profits from the publication of a book of speeches and personal anecdotes he had published came after the committee had met for over eight hours on Thursday reviewing the allegation.

Mr Wright promptly rejected the charges of misconduct, brought by conservative Republican Rep Newt Gingrich, as "politically motivated". He said some of the charges were based on press reports which appeared months ago. The New York Times reported yesterday that Mr Gingrich himself had conceded that some of the allegations he had made were mistaken.

Meanwhile, Vice-President George Bush, taking advantage of the Democrats' preoccupations, has launched a blistering attack on Massachusetts Governor Michael Dukakis, his likely opponent in the presidential race, describing him as a man who would weaken American defences, take too soft a line on criminals and drug dealers and raise taxes to cut the Federal budget deficit.

British minister gives Hong Kong pledge

By Colina MacDougall in London

BRITAIN would satisfy itself that the Basic Law, the post 1997 constitution for Hong Kong, met the terms of the Sino-British Joint Declaration on the territory's future signed in 1984, Lord Glenarthur, a junior foreign minister, confirmed yesterday.

A draft of the law was published for consultation and discussion at the end of April, and there is concern in Hong Kong that it does not reflect the "high degree of autonomy" promised.

Nicaraguan peace talks break down

BY LIONEL BARBER IN WASHINGTON

PEACE TALKS between Nicaragua's Sandinista Government and the US-backed Contra rebels have broken down, threatening the uneasy 11-week truce between the two sides.

Each side said it would observe the ceasefire as long as it was not attacked first, but the failure to agree on a new meeting may signal that the breakdown is more than just a tactical manoeuvre.

The Contra negotiating team is split between its liberal-leaning leader, Mr Alfredo Cesar, and the Contra's military commander, Mr Enrique Bermudez. While both agree on pressing for Sandinista guarantees on political reform, Mr Bermudez is concerned in particular about the welfare of his troops, no longer receiving military aid from Washington.

President Daniel Ortega said in Managua that the Contras hoped to blame the failure of the talks on the Government and whip up support for a resumption by the US Congress of military aid to the rebels.

A US lawyer advising the Government said yesterday that Mr Cesar had met secretly with top Sandinistas officials in Managua and agreed on a final accord to end the six-year-old war. Mr Cesar denied the charges, which appeared aimed at fomenting divisions within the Contras.

The Contras broke off negotiations on Thursday after the Sandinistas refused to accede to calls for the appointment of new jndges on the Snpreme Court, new laws for the press, and a new round of elections to choose an assembly to write a new constitution.

Nato criticises Denmark's planned spending freeze

BY DAVID WHITE, DEFENCE CORRESPONDENT

DENMARK came under renewed criticism in the North Atlantic Treaty Organisation yesterday, this time over a proposed freeze on defence spending, at a moment when European allies are facing strong US pressure to bolster their contributions.

Although foreign ministers refrained from commenting on the Danish policy at the meeting of the Nato council in Madrid, secretary general Lord Carrington said afterwards that it was "not acceptable".

The Danish move comes amid signs of allied relief on the solution of the critical issue of how Denmark applies its peacetime ban on nuclear weapons.

The Nato ministers are to discuss a detailed study on the burden-sharing issue at their next meeting in December. Lord Carrington said there was general agreement yesterday to keep up expenditure levels, after ministers received a report on military developments in the Soviet Union and the Warsaw Pact.

Mr George Shultz, US Secretary of State, said Washington was not trying at the meeting to obtain specific commitments.

However, he praised the Italian Government for offering to take the F-16 fighters of the US 401st air wing which Spain insisted on having withdrawn.

Mr Shultz also paid a lavish tribute to Lord Carrington, who is to leave his post at the end of the month, describing him as an "extraordinary man" and "a wonderful leader for Nato".

The two-day meeting ended with a statement welcoming recent developments in East-West relations, the INF treaty to remove medium-range nuclear weapons, progress towards cutting intercontinental missiles, the start of withdrawals from Afghanistan and "the unprecedented prominence accorded to human rights" during the recent Moscow summit.

Sir Geoffrey Howe, the British Foreign Secretary, called for "a greater sense of urgency" among allies to agree a detailed position on the substance of the new conventional arms talks, which it is hoped will be launched in the autumn. He welcomed "indications of a new and possibly more constructive Soviet approach" in remarks by Mr Eduard Shevardnadze, the Soviet Foreign Minister, to the UN special session on disarmament on Wednesday.

Mexico's shock plan slashes inflation rate

By David Gardner in Mexico City

MEXICO has slashed its inflation rate from 430 per cent a year in January, when its shock anti-inflation plan was introduced, to below 30 per cent.

Consumer prices rose just 1.9 per cent in May, the lowest monthly rise in six years.

The financial authorities are expecting a further drop this month, which they estimate will bring Mexico roughly level with the inflation rates of its main trading partners.

Nearly half the May price index increase was in fruit and vegetables, the consequence of a drought in northern Mexico which will slow further progress in achieving ministers' goal of zero inflation.

US prices up 0.5%

Wholesale prices in the US, led by the steepest increase in food costs since January, rose a moderate 0.5 per cent in May, AP reports from Washington.

If the May increase held steady for 12 months, wholesale inflation would be 5.8 per cent, nearly triple the modest 2 per cent increase of the past 12 months, the Labor Department said.

Norwegians and Israelis resolve heavy water row

NORWAY and Israel have resolved a dispute over heavy water sold by Oslo almost 30 years ago, Reuter reports from Oslo. However, the compromise will not allow Norway to check whether the heavy water was used to make atomic weapons.

The Foreign Ministry said yesterday Norway could now inspect heavy water left over from a secret 1959 sale to Israel. But although Norway can run chemical analyses, it will have no real opportunity to find out what it has been used for, it said.

Norway sold the water on condition that it was used only for peaceful purposes. In 1986 Oslo demanded tha right to inspection after suspicions were ronsed that Israel had used it to make plutonium for atomic weapons.

Israel refuses to confirm or deny that it possesses such weapons and initially turned down the request.

Mr Bjoernebye said the water, of which about nine tonnes remain from the original 20, had been mixed with supplies from other countries. A Norwegian reqnest to inspect the water at Israel's Dimona nuclear reactor had also been turned down.

Swiss to vote on plan for transalpine rail tunnel

BY WILLIAM DULLFORCE IN GENEVA

THE SWISS will hold a referendum tomorrow on a transport policy with big implications for European road and rail traffic.

Approval hy the alectorate could be the first step towards building a transalpine rail link between Germany and Italy designed to take heavy lorries off the road.

The Federal Council (government) is seeking popular backing for a programme to allow closer federal co-ordination of road, rail, air and water traffic.

It argues that the present system, under which responsibility is shared between federal and cantonal anthorities and between public and private enterprise, is too costly and unable to respond adequately to future demands on the Swiss transport network.

Mr Adolf Ogi, the minister in charge of transport, says a co-ordinated transport policy will allow Switzerland to defend itself better against pressures from Germany, Italy and other countries of the European Community to create a north-south corridor for 40-tonne lorries.

So far the Swiss government, strongly backed by anti-pollution opinion, has refused to hudge from its 28-tonne limit for lorries. Instead, it is examining a scheme, to be financed partly by the EC, for carrying heavy lorries through Switzerland on rail cars. A new tunnel would be needed.

Opposition to greater federal control is strong and the outcome of the referendum by no means certain. Two of the four parties in the governing coalition are recommending electors to vote against the programme.

In the opposition view the new programme is superfluous and would lead to private motorists paying for the public transport that the federal government wants to encourage.

At the same time the Swiss will vote on a scheme, opposed by the government, to rednce the retirement age from 65 to 62 for men and from 62 to 60 for women.

Oil states to boost PLO aid

By Andrew Gowers in Algiers

OIL states agreed at this week's Arab summit meeting in Algiers to provide the Palestine Liberation Organisation with an extra \$43m (£23m) a month in support of the uprising in the West Bank and Gaza Strip, Palestinian officials said yesterday.

The aid, beginning with a down payment of \$129m for the first three months, is supposed to be transferred through the wide variety of channels which the PLO already uses to send funds into the occupied territories.

It will be used to try to stiffen resistance in the territories, for example by replacing earnings lost by Palestinians refusing to work the other side of the "green line", and to lessen the Palestinians' dependence on the occupation authorities.

Sri Lanka poll result

Sri Lanka's ruling United National Party won 36 of 53 seats at stake in provincial council elections in the island's southern province, AP reports from Colombo.

Their closest rivals, candidates in the opposition United Socialist Alliance, a combination of leftist parties, won 15 seats and independent candidates two seats.

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French Socialist victory hangs on turnout of voters

BY IAN DAVIDSON IN PARIS

FRANCE'S Socialist Party is expected to secure a narrow majority in tomorrow's decisive second round of voting in the general elections, with the outcome depending on the turnout of voters.

The right-wing parties have not given up hope of hanging on to a slim majority in the National Assembly, and of a new phase of cohabitation between a right-wing Assembly and a left-wing President. On the assumption of such a victory, former President Valéry Giscard d'Estaing yesterday proposed institntional reforms to improve political co-operation between left and right, and between President and Parliament.

The record abstention rate of over 34 per cent in the first round of voting last Sunday appears to have been a big factor in the unexpectedly low score by the Socialists. The Socialist vote was only 34 per cent, with their allies securing another 3 per cent, compared with around 40 per cent for the right-wing parties, exclnding the National Front.

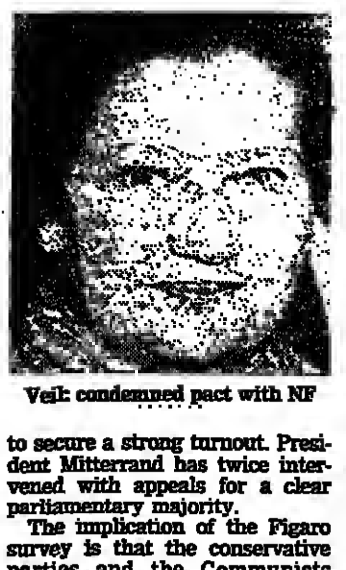
Before the vote, it was predicted that the Socialists would secure a handsome majority in the 577-seat National Assembly. Since then their expectations have been scaled hack to around 300-310 seats, or even 290 seats, barely a majority.

If the Socialist Party does secure a majority, Mr Michel Rocard is likely to remain Prime Minister, President François Mitterrand has indicated. The Government would be reshuffled, he said, but he saw no reason to change the Prime Minister.

An analysis carried out by Le Figaro newspaper this week confirmed the impression that the Socialists had suffered most from the low turnout. Its survey found the Socialists did mnch better (over 43 per cent) than their national average in places where the abstention rate was low; while the right-wing parties scored almost exactly the same in low- and high-abstention areas.

Of tha smaller parties, tha extreme-right-wing National Front did significantly better (nearly 13 per cent) in areas of low turnout than it did nationally (under 10 per cent), whereas the Communist Party, with about 11 per cent of the vote, showed remarkable consistency.

Party leaders of both left and right this week stepped up efforts



Veil: condemned pact with NF

to secure a strong turnout. President Mitterrand has twice intervened with appeals for a clear parliamentary majority.

The implication of the Figaro survey is that the conservative parties and the Communists would be unlikely to increase their share of the vote. But a significantly higher turnont tomorrow should favour the Socialists.

In theory, a higher turnout should also harm the National Front, but the outlook is clouded by the bargain struck on Monday between the National Front and the conservative parties to split the 16 Marseilles seats between them. It is unclear who will benefit most from this pact, or whether it will provoke a swing against the National Front among centrist voters.

On Thursday Mrs Simone Veil, a former centre-left minister under President Giscard d'Estaing and widely regarded as one of the guardians of the political morality of the conservativs camp, emerged from four days of silence to condemn the Marseilles pact. She said that it was an ideological and a tactical error. "Between a Socialist and a National Front candidate," she said, "I would a priori vote Socialist."

Mr Raymond Barre, the former conservative Prime Minister and presidential candidate, previously voiced concern over the agreement, but none of the leaders of the right-wing parties has criticised it. They had delegated responsibility for the pact to the local party federations. Mrs Veil explicitly criticised the leadership of the Republican Party and its founder, Mr Giscard d'Estaing, for not having laid down a clear line on the National Front issue.

This is not the only point of argument between Mr Giscard d'Estaing and Mr Barre. Mr Giscard d'Estaing's guiding principle is that the neo-Gaullist RPR party and the centre-right UDF gronping must stick together after the election to create a counterweight to the Socialists.

Some observers believe that Mr Giscard d'Estaing would not be averse to leading a conservative government in cohabitation with President Mitterrand. Yesterday he declined to comment on the suggestion, beyond saying that in the light of the positions he had previously held, he was not seeking advancement.

Mr Barre, by contrast, predicts that there is bound to be a shake-out among the right-wing parties, and he is arguing increasingly loudly for the creation of a centre right political group which would be independent of other parties.

Discharge pollutes the Loire

THE FRENCH Government has ordered drinking water cut off from 200,000 people after carcinogenic discharge from a chemical fire flowed into the Loire, AP reports from Tours.

An explosion and fire at the Protex factory in Auzouer-en-Touraine, 15 miles northeast of Tours on Wednesday night injured one person and sent phenol and metallic pollutants into the Brenne, a tributary of the Loire river.

Protex produces carpets and other floor coverings.

The Government detected traces of phenol in the water supply on Thursday and switched off water mains to Tours, said the Environment Minister, Mr Brice Lalonde.

The Government was conducting hourly checks on the water supply in the area.

Mr Lalonde said the Government would take legal action against Protex.

Mitterrand, Thatcher divided on sterling

BY IAN DAVIDSON

DIFFERENCES between France and Britain over the European Monetary System and sterling joining the EMS exchange rate mechanism remained unbridged at a working lunch yesterday between Mrs Margaret Thatcher, British Prime Minister, and President Francois Mitterrand.

But the two leaders did agree there was a convergence between their respective proposals for alleviating the debts of poor countries, and on the need for agreement at the Toronto economic summit next week.

France said this week it would cancel one third of the pnblic debt owed to France by 20 of the poorest countries.

It became clear yesterday the plan would involve the write-off of a third of capital and interest payments as they fall due each year, and not an instant cancellation of a lump sum.

On the EC, President Mitterrand said the liberalisation of capital movements in the community, due to be endorsed by finance ministers on Monday, needed to go hand in band both with a harmonisation of the tax regimes on savings and portfolio investments, and with a strengthening of the EMS.

Mr Pierre Beregovoy, French Finance Minister, is to seek agreement in principle that the community governments will work on harmonising these tax regimes; and the German Government may propose setting up a special Committee of Wise Men to examine moving towards a single European currency and a European central bank.

Mrs Thatcher appears to have expressed no view on the harmonisation of taxes on savings and to have opposed both a European central bank and the setting up of a Committee of Wise Men. She favoured the development of the European Currency Unit for private as well as for public purposes.

Turkish imports worry sock makers

By Alice Rawsthorn

THE HOSIERY industry is concerned about a sharp increase in imports of socks from Turkey, threatening the stability of the sock manufacturers of the East Midlands.

Turkish socks have been imported into Britain in comparatively small quantities for several years.

Two years ago, the level of imports began to increase. It has increased even more rapidly in the opening months of this year.

The Knitting Industries Federation, which represents the sock manufacturers, estimates that the volume of socks imported from Turkey rose by 57 per cent to 6.6m pairs between 1986 and 1987.

In the first quarter of 1988, more than 2.5m pairs of Turkish socks came into the country, almost double the quantity that arrived during the same period the previous year.

At present, Turkish imports represent a small proportion of the UK market – just over 2 per cent of a market of 287m pairs in 1987 – but the speed of increase threatens the East Midlands manufacturers

First, it could erode their share of the home market. The KIF is investigating whether domestic companies have lost orders as a result.

Second, the Turkish socks are coming into the country at extremely low prices. The present average price of 28p a pair is lower than the cost of raw materials for UK producers. The availability of such cheap socks threatens to depress prices across the market, thereby impairing profitability.

The KIF is now assessing the effect of the imports increase on sales and profits.

It is also considering lobbying the Government to press the European Commission to introdnce restraints on imports of Turkish socks. Such restraints already exist in West Germany and the Benelux countries.

The textile industry, which faces intense international competition, has always been vulnerable to sudden surges of imports from emerging production centres.

In recent months the acrylic spinning sector has suffered severely because of an influx of cheap Turkish acrylic yarn. As a result, Courtaulds and Lister have each been forced to close a spinning mill. Other companies have resorted to redundancies and short-time working.

MD-11 and Airbus A-330 may use Rolls engine

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has signed agreements with both Airbus of Western Europe and McDonnell Douglas of the US for the manufacturers to offer their A-330 and MD-11 airliners worldwide with the new model L version of the Rolls-Royce RB-211-524 engine.

The L, which Rolls-Royce launched this week, will be the most powerful version of the RB-211 "family," starting at 65,000lb thrust and capable of expansion to 75,000lb.

The estimated developmant cost of the L, on which much design work has already been done, will be around £300m. Rolls-Royce will apply to the Government for cash launching aid under the 1982 Civil Aviation Act.

As part of its strategy to keep up with, and even ahead of, its main competitors in commercial engines – General Electric and Pratt & Whitney of the US – Rolls-Royce is spending heavily on research and development, with outlays of £187m in 1987 (up from £132m in 1986) and at least a comparable sum in the current year.

Even so, because development of advanced-technology engines is expensive, Rolls-Royce will need some financial support from the Government.

But the company believes the investment will be profitable. It forecasts that 60 per cent of the £110bn that airlines in the non-communist world will spend on aero engines over the next 15 years will be for high-thrust engines such as the RB-211 family.

Announcing its two "memoranda of understanding" with Airbus and McDonnell Douglas, Rolls-Royce said the two airframe builders would now be offering the 328-seat, twin-engined short-to-medium-range A-330 and the 400-plns-seat, three-engined, medium-to-long-range MD-11 worldwide with the L engine.

A further deal is being discussed for Boeing to offer the L on bigger, longer-range versions of its twin-engined 767 airliner now being planned.

Although no firm orders for the engine have yet been announced, the A-330 and MD-11 have already won commitments from several customers, which have yet to decide on which engines to use: either the Rolls-Royce 524L, the General Electric CF6-80C2 or the Pratt & Whitney PW-4000.

Those customars are already being canvassed by Rolls-Royce. The L will be ready in time for the MD-11's entry into service in the spring of 1993, with the L-powered A-330 following in mid-1994.

With its wings produced by British Aerospace, an A-330 with Rolls-Royce engines will be more than 50 per cent British-built.

Advertising 'will not support' free satellite TV

By Hugo Dixon

FREE satellite television, such as that being planned by Mr Rupert Murdoch's Sky TV, will not last, according to one of the UK's leading media consultants.

Mr James Lee, former chairman of Goldcrest Films and now a director of the Boston Consulting Group, said that although free satellite channels would be the incentive for consumers to buy receiving dishes, they would soon be replaced by subscription channels and "pay per view."

That contrasts with the view held by Mr Murdoch, who this week promised to broadcast four free satellite channels, financed by advertising, from next year.

Mr Lee said that in an increasingly competitive market, there would be insufficient advertising to support satellite channels.

He told the European Satellite Broadcasting Conference in London that terrestrial channels would offer the principal, if not only, means of extending free entertainment.

Chartered manager status plan attacked

BY MICHAEL SKAPINKER

MR John Constable, who last year co-authored a report calling for an improvement in British management education, has criticised plans to establish a national qualification of chartered manager.

Speaking at a conference of the Industrial Society, Mr Constable described the proposed qualification as a "solution for the 19th century rather than one for the 1990s."

In his report, Mr Constable, with Mr Roger McCormick, then of British Petroleum, called for steps to be taken to bring the educational standards of British managers up to that of their foreign counterparts. A second report by Mr Charles Handy of London Business School made similar recommendations.

The chartered manager qualification is being championed by the British Institute of Management as a means of meeting the need identified in the Constable and Handy reports. The BIM has proposed that it should become the body responsible for awarding the qualification.

Mr Constable pointed out that several companies had already established partnerships with educational institutions to set up Masters of Business Administration degrees. He queried whether "able young people doing an MBA perceive that a chartered manager qualification has any relevance to their career development."

"The brightest and most able people in this country are being encouraged by their company to obtain an MBA."

Mr Constable also criticised the Government's reported support for the chartered manager qualification. He said he found it curious that Lord Young, the Trade and Industry Secretary, "spends his time berating the professional institutes of the middle classes for their restrictive practice tendencies and yet, on the other hand, he appears to be strongly behind these particular proposals."

Small-business office opens in Durham

SMALL companies were helped yesterday in their efforts to win government and public-service contracts when Mr Norman Fowler, Employment Secretary, opened Britain's first regional procurement office.

The government-funded office is in Durham. Mr Fowler said the "very important initiative" would bring small businesses together and help them to win a share of the market.

The office would have potential for creating £304m worth of business a year in extra contracts from the pnblic sector's £40bn buying power, Mr Fowler told a press conference.

Earlier he opened his department's Small Firms Service office in Newcastle upon Tyne. It had moved there because of increased demand for assistance.

Benn sets tone for hard-left conference

By Charles Hodgson

MR TONY BENN, the left-wing MP who is challenging Mr Neil Kinnock for the Labour leadership, last night warned that the party was abandoning its trade union base and socialist principles.

Mr Benn, MP for Chesterfield, accused Mr Kinnock of "authoritarianism" in seeking to change the rules for future leadership elections.

Mr Benn's remarks, at a campaign rally in Manchester, set the tone for the second Chesterfield conference on socialism, organised by the hard-left Campaign Group of MPs, which opens today.

The weekend conference is expected to be attended by more than 2,000 delegates. They will debate policy issues which Mr Benn has claimed the leadership did not dare consider.

Among topics for discussion will be the internationalisation of the economy and a socialist strategy for Europe, the role of public ownership, unions' bargaining strategies, racial and sexual discrimination, education and the police.

Mr Benn, warning that an important re-alignment of British politics had begun to take shape, said the "establishment" supported the Labour leadership's moves to "ditch socialist policies" and hand the party over to its front bench and to trade union general secretaries.

He added that without the leadership challenge mounted with Mr Eric Heffer, the "authoritarianism we are now witnessing would have gone unchallenged" and the Labour Party changed beyond recognition without members having the opportunity to put their views.

Mr Heffer, who is challenging Mr Roy Hattersley for the deputy leadership along with Mr John Prescott, told the rally that the proposal to raise the nomination threshold for leadership candidates from 5 per cent to 20 per cent was "disgraceful."

He said: "It is unbelievable that there are different rules being proposed for the election of the leader and deputy leader, than for anyone else in the party." Leading party posts are voted for annually and need only one nomination.

Mr Peter Brooke, the Conservative Party chairman, said last night that Mr Kinnock's policy review was aimed at manipulating his party.

Mr Brooke said Thursday's decision by Transport and General Workers Union leaders to postpone endorsement of the Kinnock-Hattersley leadership was a sign that questioning had begun.

HK to shut door on boatpeople

BY KEVIN HAMLIN IN HONG KONG

THE Hong Kong Government will next week formally abandon its decade-old policy of automatically offering refugee status to Vietnamese boatpeople.

The Britisb Government has endorsed the change, which is seen as a compromise by London in the face of increasing political pressure from the territory.

Hong Kong will nevertheless retain its theoretical status as a country of first asylum, but will begin screening the Vietnamese boatpeople to establish whether they are economic opportunists rather than genuine political refugees fleeing their homeland because they face persecution.

Those found to be economic migrants would not be eligible for ultimate resettlement in third countries, and would face repatriation to Vietnam when conditions permit.

On a two-day visit to Hong Kong at the beginning of this month, Sir Geoffrey Howe, Britain's Foreign Secretary, said the vast majority of new arrivals would not qualify as political refugees under the UNHCR (United Nations High Commission for Refugees) definition. With prospects of resettlement in the West eliminated, it is hoped the new policy will stem the flow of Vietnamese migrants leaving their shores for Hong Kong.

Vietnamese boatpeople have flooded into the territory this year, stretching resources to the limit. The population in closed camps for refugees now stands at more than 15,000, compared with 9,000 at the end of last year. Nearly 2,000 have arrived this month alone.

Only 3,400 Vietnamese landed in the territory last year. The accelerated exodus is thought to have been triggered partly by food shortages and crop failures in Vietnam. The fact that Malaysia and Thailand have also recently abandoned their policies of granting refugee status to Vietnamese is believed to have prompted more boatpeople to head north for Hong Kong.

US electronics groups seek to beat off Asian TV challenge

BY LOUISE KEHOE IN SAN FRANCISCO

THE US electronics industry is discussing forming a consortium of manufacturers, Government, and academic researchers in an attempt to recapture a share of the consumer electronics market lost to Japanese, Korean and other Asian manufacturers.

The American Electronics Association, a trade group with 3,500 members, has organised a task force to examine ways in which the US industry can increase in particular its share of the projected $40bn world market for a new generation of advanced high-definition televisions.

Companies represented on the task force are AT&T, Apple Computer, Hewlett-Packard, IBM, Motorola, Cohu Electronics, Anadigics, VPL Research, BIS Machtosh and Prometrix. The task force will issue a report next month suggesting how the industry should proceed.

The initiative has been encouraged by the US Administration, says Mr Al Sikes, Assistant Secretary of Commerce for communications and information industries. But the Government has not promised, or evan been asked, to providing funding, he said.

Some industry executives have suggested that Government and industry should share the cost of developing high-definition television technology, using the US semiconductor industry's Sematech research co-operative as a model.

Advanced television (ATV) represents the "last window of opportunity" for the US to regain a significant share of the world consumer electronics market, said Pat Hill Hubbard, vice president of the AEA. "The implications of advanced television [ATV] for our industry and for the economic well-being of the country are pervasive."

Says Ralph Thomson, AEA senior vice president: "There's a whole lot more involved here than TVs. We're talking about a whole electronics era." Industry leaders have reached a strong consensus that it is vital for the US electronics industry to be involved in the consumer market. Advanced television, they say, will drive leading-edge technologies such es advanced semicondnctors to new performance levels and will therefore have broad implications for the entire electronics industry.

In an apparent effort to use technical standards to fight foreign competition, US industry leaders have also agreed to adopt a broadcast standard that is advantageous to US manufacturers, broadcasters and consumers, a hint that they would not favour the Japanese HDTV standard.

While the US is clearly years behind Japan in addressing the advanced television market, it appears that both US industry and the US Government are determined to prevent a foreign takeover of this big new consumer electronics market.

Geology storm centres on plant project to detect mineral wealth

David Fishlock on a college's fight for government support for work to detect valuable resources

A CAMERA that can detect signs of stress, invisible to the naked eye, in trees and bushes is at the centre of an academic row over the "purity of science" which has surfaced at the Imperial College of Science and Technology in London.

Stress in plants can indicate that nearby there may be commercially valuable deposits of oil or minerals. A new radiometer at Imperial College records the sharp increase in reflectance (the amount of radiation reflected back) of invisible infra-red rays – the so-called "red edge" – from leaves under stress from toxins seeping into the soil.

The project, an interdisciplinary collaboration between the college's physics and geology departments, is backed by Imperial's centre for remote sensing as a potential means of developing a satellite camera for studying natural resources from space.

What has deeply wounded Imperial's geologists is that a government review of earth sciences – the present fashionable term for geology – has classified their work as "applied" rather than "pure" science.

The geologists say that implies that it is second-rate. The review has also ordained that the department's staff should be cut by almost a third.

The assessment, by four eminent geologists led by Professor Michael O'Hara of the University of Wales, on behalf of the University Grants Commission, has concluded that Imperial's geology department – the biggest in Britain – must retire 10 of its 35 dons and reduce student places from 255 to 175.

The review is part of a national effort by the grants commission to strengthen earth sciences in Britain at a time when the discipline has begun to make substantial demands for expensive instrumentation in order to remain in the first league worldwide.

The commission conclnded that Imperial's geology is applied rather than pure, that it is interdisciplinary, and that its productivity in terms of published scientific results is rather low.

Professor Eric Ash, rector of Imperial College and an electrical engineer, has challenged the findings on the ground that the review team – all "pure" geologists, as be sees them – have made a mistake.

Prof Ash believes they have underestimated the meaning of the term "interdisciplinary." He cites recent Nobel prizes for physics as prime examples of interdisciplinary research.

He points out that prizes in 1986 went to industrial scientists with IBM for inventing a microscope expected to be used widely throughout the scientific world and in 1987 for the invention of a supercondncting ceramic.

Prof Ash contends that the misunderstanding has led the reviewers to look in the wrong places for evidence of scientific productivity. In fact, he claims, it is high.

Industrially significant geology tends to be published in conference proceedings rather than in the learned journals surveyed by the review team, Prof Ash says. That is the case in other fields sncb as computer sciences, be says.

He believes that the four reviewers, although "exceedingly distinguished academic scientists," lack experience of industry and of the high calibre of science demanded by oil and mining companies nowadays.

Prof Ash agrees with the late Sir Peter Medawar, who spoke of the idiosyncratic British devotion to the notion of purity in science, which other countries find confusing.

Faced with the commission's refusal to reconsider its decision, the college has appealed to companies that understand the value of its science to help sustain the strength of the department.

At a seminar for 30 industrial scientists earlier this month, Professor Richard Selley, the newly designated head of the geology department, presented highlights of its latest science, including the infra-red radiometer that can see stress in vegetation.

Other work outlined included borehole tomography, involving the adaptation of medical physics, which has proved successful in finding anomalies in patients, to help to locate commercially valuable resources in the earth.

Another speciality is the study of droplets of liquid trapped in rocks. Snch "fluid inclusions" yield a wealth of information about the conditions under which they were trapped and can provide valuable clues to the presence of mineral resources.

There has been some response from companies. Prof Selley says British Petroleum and Enterprise Oil have each agreed to snpport one don in the department.

Conoco is interested in backing a new laboratory to study fluid inclusions and Amoco has said it may support the remote sensing of stress, he says.

Minister 'exceeded powers' on benefit

FOUR PENSIONERS yesterday won the first round of a benefits battle thet might cost the Government £80m a year.

A social security appeals tribunal ruled that Mr John Moore, Social Services Secretary, acted beyond his powers when he ended honsing benefit snpplements for the four on April 3.

Another 400,000 pensioners also lost their £12-a-week supplements a week before the social security reforms came into effect.

Mr Nick Warren, a solicitor, successfully argued before the tribunal in Birkenhead yesterday that the Government was not entitled to alter the rules on housing benefit snpplements without a vote of both Houses of Parliament.

He said the Government had assumed that the benefit was covered by housing benefit legislation when in fact it was a form of pure supplementary benefit.

Yesterday's decision means that the 400,000 pensioners should have received their benefit payments in the critical week of April 4-11.

The DHSS is expected to appeal.

UK NEWS

Commons 'misled' over dockyard jobs, Owen says

BY JOHN GAPPER AND CHARLES HODGSON

THE GOVERNMENT was accused of misleading Parliament and trade unions after an announcemant yesterday that 3,300 jobs were to go at Devonport Dockyard in Plymouth by April 1990, reducing the workforce to about 6,100.

Dr David Owen, SDP leader and MP for Devonport, claimed the Government had "systematically misled" the House of Commons by not admitting that the workforce would be halved after the handing over of the yard to commercial management last year.

Since the introduction of commercial management in April last year, the yard's workforce has fallen from 11,460 to 9,400.

Dr Owen said none of the Government's forecasts of savings for the defence budget by the sale had been fulfilled, and commercial management had proved to be "an industrial and economic nonsense."

Trade unions said the Ministry of Defence had admitted to the Public Accounts Committee in a confidential submission that it had not disclosed publicly the full extent of necessary redundancies at the time of privatisation.

The ministry, which denied making such a submission, said the cuts were the result of overmanning under its own management and it was in the dockyard's interest that the workforce should be reduced.

It said the redundancies did not indicate a change of government policy to maintain a naval surface fleet of three aircraft carriers and about 50 destroyers and frigates, nor any reduction in engineering standards.

Mr Mika Leese, Devonport Management managing director, blamed the redundancies on the reduction in the "core programme" of work offered by the ministry and said he believed it would mean some compulsory redundancies.

In addition to the cuts, DML has set a target of a 30 per cent improvement in performance by its employees and plans to cut overheads by 20 per cent as well as undertaking a management restructuring programme.

The 1,900 rednndancies announced yesterday come on top of 1,400 that were disclosed in August last year.

Poll tax 'will give sharp boost to house price rises'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S planned introduction of the poll tax or community charge to replace domestic rates will give a further sharp upward twist to the current house price spiral, according to a report published today.

Mr Peter Spencer, a senior economist at securities house Credit Suisse First Boston, says the direct impact of the poll tax may be to increase house prices by some 20 per cent relative to earnings between now and 1995. That is a steeper rise than seen in the much longer period between 1970 and 1986 when house prices rose by 16.6 per cent more than earnings.

The poll tax will put upward pressure on prices because it will significantly reduce the cost of "trading up" in the housing market, particularly at the top end. That pressure will be only partly offset by increased house building, because of constraints on building land.

At the same time, the impact in London and the south-east will be greater than elsewhere, leading to a further widening in the gap between prices in those areas and the rest of the country.

Mr Spencer says the broader economic significance of such a sudden jump in house prices is difficult to gauge in detail, but it may have several damaging side-effects.

It may fuel pressure for higher wages, particularly in the south-east, and is likely to tilt the balance of growth in the economy towards consumption and away from investment and exports.

LME warns traders not to drive up metal prices

By David Blackwell

THE LONDON Metal Exchange yesterday fired a clear warning shot across the bows of any traders tempted to driva up prices by withholding metals from the market to squeeze already tight supplies.

Most of the metals traded on the LME are in tight supply because demand this year has been better than expected and stocks are low. Aluminium, copper, lead, nickel and zinc are all fetching big premiums on metal for immediate delivery.

At a special meeting yesterday, traders were urged to take a responsible attitude in making cash metals available to the market. They were also asked to educate their customers on selling into the market, otherwise the LME would be forced to intervene.

The three main options open to the axchange include restricting the premiums for cash metal; limiting trading to liquidation sales; or allowing maturing sales contracts to be rolled forward.

The exchange has already been forced into emergency action once this year. In February it called an extraordinary meeting to prevent a crisis in the nickel contract, which was suspended for an afternoon trading session when prices were soaring. Member companies were urged to lend to the market by selling cash metal and buying forward.

Since then it has warned the market that it is very closely monitoring the copper and aluminium contracts.

The board is known to be concerned about the volatility of prices on the exchange under the present conditions.

But while the LME is worried about losing hard-won business in the long term, it remains loth to interfere in the free market.

"We at the LME, while guardians of an orderly market, do not wish to be forced into interfering," said Mr Christopher Green, LME chairman, after yesterday's meeting. "In the meantime we have to be cognisant of the fact that 'exaggerated' price movements can exert undue harm on otherwise legitimate operators in the market, and can operate adversely on the reputation of the exchange."

Week in the Markets, Page 10

Richard Waters finds out why investors may be offered unit trusts

Costs kill private client business

HOARE GOVETT'S decision to sell off its private client business appears to confirm what commentators have suggested for some months: that private client stockbroking in its old-fashioned form is dead.

The stock market crash may have hastened the end. But, with hindsight, the creation of financial conglomerates in preparation for London's Big Bang hastened the end of this line of business for a number of traditional London brokers.

For a start, many of the new owners of the City's best-established brokerage houses are simply not interested in private clients.

That partly explains why Shearson Lehman, the US bank that acquired L. Messel, transferred its private client business to another broker, Nivison Cantrade, in April. It simply did not fit in with Shearson's investment banking ambitions.

In addition, the Financial Services Act has introduced a level of administrative burden and compliance cost that has further undermined the attractiveness of the business to investment bankers.

The third and most important reason is that private client business can no longer pay its way in large, London-based institutions. Hoare Govett has been aware of that for some time — perhaps even from the very moment that it fell in with Security Pacific. Taken on its own terms, private client work can make and has made money. But when asked to shoulder its share of the central overheads of a large organisation, it looks distinctly less attractive.

Creation of Big Bang financial conglomerates hastened the end for some brokers

"If you have a centrally allocated overhead, it prices this business right out of the market," says Mr Brian Baughan, head of Hoare Govett's private client side. The costs of technology and office space in London, not to mention the burden of maintaining the lavish lifestyles of staff, has made his business appear unprofitable.

While brokers such as Mr Baughan have found themselves arguing about the level of overheads they are expected to bear, new entrants to the market have exposed the weakness of their cost structure.

The traditional 1.65 per cent commission has been cut by institutions who are able to offer a deal-only service at lower cost. Discount Brokers International, one such entrant to the market, charges only 0.825 per cent on deals of under £7,000. Price competition has come from institutions ranging from regional broker Albert E. Sharp to Barclays Bank.

Faced with a loss of commissions, traditional City brokers have found themselves saddled with their expensive advisory services and much less income.

Then there was the crash. Commission volume has fallen with the decline in trading volume generally. As share prices fall, the commission on trades, calculated as a percentage of the size of a deal, also falls.

Hoare Govett claims that that has wiped only about 25 per cent from its commission income since October. Quilter Goodison says that its commission income has declined by more like 50 per cent.

Such figures have brought home to some firms that there is little chance of these businesses ever producing the kind of returns needed. Among those to go in recent weeks was ANZ, which has sold off Capel-Cure.

Not all of the big London brokers are getting out of the business. James Capel, with 5,000 clients, not counting those for whom it operates a deal-only service, believes it has a long-term future in the business. But it has had to make fundamental changes to its charging structure and range of products.

A year ago Capel began asking for management fees from clients who before had only paid commissions. Fees now account for between a third and a half of income, said Mr Simon Corbett, head of private client services.

Kleinwort Grieveson has taken a similar decision. The picture from firms like this is becoming clear: small private clients will be steered towards the institution's unit trusts. With more than £100,000 they can expect to be accepted as a discretionary investment client. But they will need £250,000 before they can look forward to the sort of expensive advice that the big London brokers are known for.

Austin Rover moves to enliven flagging luxury car sales in US

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER has begun to offer dealer incentives in the US and has resumed a television advertising campaign there in an attempt to revive its flagging fortunes in the US luxury car market.

The company is taking drastic action to improve sales of its top-of-the-range Sterling model.

Last month it bought out the outstanding 51 per cent stake in Austin Rover Cars of North America (Arcona), its previously minority-owned US importer and distributor, and followed that step with a radical management shake-up.

It removed Mr Ray Ketchledge, Arcona president, and replaced him with one of its most senior UK executives, Mr Chris Woodwark, Austin Rover commercial director. It has also replaced Mr Luis Martinez, Arcona parts and service director.

New figures show that sales of the Sterling have plunged again in May, with a drop of 38 per cent to 632 cars from 1,022 in May last year after steep falls in March and April.

In the three months to the end of May, Sterling sales in the US have fallen by 49.4 per cent compared with the corresponding period last year. That has forced Austin Rover to take expensive remedial action by entering the incentives war being waged with unprecedented ferocity in the luxury imported car sector.

For the first time in this rarefied segment of the US market, most of the European luxury car makers have been forced to resort to incentives and discounting to bolster sagging sales volumes.

In May alone, Volvo sales in the US were down by 19.5 per cent, BMW suffered a fall of 26 per cent, Audi sales were 64 per cent lower than a year ago and Porsche was hit by a drop of 47 per cent. Jaguar sales were down by 21 per cent, in spite of a modest increase hitherto this year, and Mercedes-Benz sales were unchanged.

A senior Austin Rover sales manager said yesterday: "We are back in the market, we have an incentive campaign under way directed at the dealer network. To be competitive, Sterling needs to be offering incentives to salesmen and sales managers."

Austin Rover said yesterday that Mr Kevin Morley, marketing and UK sales director, has been appointed commercial director to replace Mr Woodwark. Mr Morley, formerly a Ford marketing manager in Britain, is to be replaced by Mr Roger Stangroom, presently Austin Rover merchandising director, who joined the company last year from Peugeot Talbot.

Fears on rights in Hong Kong acknowledged

By John Mason

FEARS IN Hong Kong that the legal system being drafted by China for the colony's transfer of sovereignty in 1997 did not guarantee freedoms spelt out in the Sino-British joint declaration were acknowledged yesterday by Lord Glenarthur, a Foreign Office Minister.

In a Lords debate on the future of the colony, be said Britain would continue to press firmly for the system of law being drawn np to guarantee the human rights and high degree of autonomy demanded by the 1984 joint declaration.

He was responding to peers who said the first draft of the basic law had met a critical response in Hong Kong.

The Chinese have agreed to snbmit two drafts for extensive consultation before it is approved by their National People's Congress.

Lord Glenarthur said the first draft was only an initial text.

BP cuts estimate of drop in Alaskan oil

By Lucy Kellaway

BRITISH PETROLEUM said yesterday that in five years' time it expected to be producing 200,000 more barrels of oil a day from its giant oilfields in Alaska than it forecast earlier this year.

More than half of the company's 1.5bn barrels a day of oil come from Alaska, but the proportion had been expected to drop sharply as the giant Prudhoe Bay field started to decline.

Mr John Browne, head of BP's US operations, told US analysts yesterday that the field would not begin to decline until the end of next year at the earliest and then would only fall at a rate of less than 10 per cent a year. The extra production is partly a result of a $10bn (£5.5bn) investment programme over the next five years, which is aimed to increase the output of the Alaskan fields.

At the same time, the company said it was planning to raise up to $1.6bn from further disposals over the next two years to reduce its borrowings after the Britoil and Standard Oil acquisitions last year.

That is slightly more than the company had previously allowed for and is expected to include some of its gold, minerals and coal businesses as well as some smaller oil and gas interests.

In the North Sea, BP said it planned to increase its capital expenditure sharply over the next few years, with spending by 1990 expected to be twice last year's level. Overall capital expenditure for the group is expected to reach $6bn a year, which is more than previous levels for both BP and Standard Oil.

SLD pick Goodhart to fight Kensington

By Charles Hodgson

MR WILLIAM GOODHART was yesterday selected as the prospective Social and Liberal Democrat candidate for the forthcoming Kensington by-election.

Mr Goodhart, a 55-year-old barrister and former member of the Social Democrat Party, contested the seat for the old Alliance parties at the last two general elections. In June last year, he polled 5,879 votes, coming third behind the Conservative and Labour candidates.

APPOINTMENTS

Managing director of Boots the Chemists

THE BOOTS COMPANY has appointed Mr Gordon Hourston as managing director of Boots The Chemists. He was deputy managing director. To derive greater benefit from its property interests, Boots has decided to manage them separately. It has given responsibility for this to Mr Michael Reddell, previously group board director responsible for large stores, merchandising and buying in Boots The Chemists.

★

PRICE WATERHOUSE will admit the following partners in the UK on July 1. In Birmingham - Mr Peter Harvey and Mr Ron Reid (audit); Mr Tony Jackson (VAT) Mr Michael Okninski (management consultancy). In Bristol - Mr Jeremy Pakenham (management consultancy). In Glasgow - Mr Alan McWatters, (audit). In Leeds - Mr Robert Fort (tax); Mr Roger Marsh (corporate reconstruction & insolvency). In Liverpool - Mr Brian Leyland (tax). In Manchester - Mr Tony Havlin and Mr Paul Sprott (management consultancy); Mr Nigel Richens (audit). In Southampton - Mr Charles Hoghton (tax). In Windsor - Mr Fred Konings (audit).

★

Mr Robert Hacking-Brian has been appointed a director of FORD SELLAR MORRIS INVESTMENTS to supervise the portfolio and new acquisitions. He was with the National Provident Institution, where he was chief investment surveyor.

★

Mr Shuji Ogawa, director general of the JAPAN EXTERNAL TRADE ORGANISATION's London office has been reassigned to Japan. He has been succeeded by Mr Tsuneo Osumi who was director, petroleum development division, MITI.

★

Mr Vic Collier has been appointed director of public sector services with SPICER & OPPENHEIM from July 1. He is managing consultant with the company's consulting group.

★

PORTER CHADBURN has appointed Mr Paul Lines as director and secretary. He was commercial director with Texas Homecare.

★

Mr Andrew MacKenzie has been appointed managing director of BRYANT GROUP. He is taking over from Mr Chris Bryant, who continues as full-time executive chairman. Mr MacKenzie was managing director of Bryant Homes. Mr Paul Jillard is leaving the board to take another appointment.

★

Mr Phillip E. Judkins, a director of Provincial Insurance, and managing director of Provincial Management Services, has been appointed a director of the holding company, the PROVINCIAL GROUP. Mr John Ross has retired.

★

Captain John Bell has been appointed a director of CENARGO OF LONDON, a newly-formed wholly-owned subsidiary of the British Shipowning Group.

★

Mr Brian Stopford, financial director of Geers Gross Advertising, has been appointed to the board of GEERS GROSS. He replaces Mr John Koutsantamou former group financial controller who resigned from the board following the sale of the group's US subsidiary, Geers Gross Advertising Inc., to the Interpublic Group.

★

Mr Jock Worsley, chairman of The Financial Trading Company, has been elected president of THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES.

★

Mr John Polden has been appointed managing director of HAWKER SIDDELEY DYNAMICS ENGINEERING.

★

3i has appointed Mr Alex Shinder and Mr Alastair Morrison as local directors heading investment teams in London. Both have been with 3i since 1981.

★

ARC has appointed Mr Brian Wheeler as managing director of its sea-dredged aggregates subsidiary ARC MARINE. He has been a director for 12 years and succeeds Mr Bill Cottell, who has retired.

★

Mr Timothy Lebus, vice president, SALOMON BROTHERS INTERNATIONAL, has been appointed head of the UK corporate finance group.

★

Mr Tim Norman has been appointed as head dealer of CHRISTIANIA BANK, London branch. He joins from Arab Banking Corporation where he was chief dealer.

Tate & Lyle makes changes

Mr Neil Shaw, chairman and chief executive of TATE & LYLE, has also been appointed chairman of Staley Continental, which has recently been merged into the group. Dr Robert M. Powers becomes president of A.E. Staley Manufacturing Company, and Mr John Hunter will be chief financial officer. Dr Powers was president of Staley before the merger, and Mr Hunter was chief financial controller of Tate & Lyle.

Pontins holiday group withdraws union recognition

BY PHILIP BASSETT, LABOUR EDITOR

PONTINS, the holiday company, has withdrawn recognition of the union which held collective bargaining rights for its manual workers, to a further instance of a small but growing number of companies which have cut trade unions out of their employee relations.

Pontins' move brings to more than 40 the number of companies in Britain which have withdrawn union recognition over the last four years. Last month, the conciliation service Acas noted that examples of union de-recognition were increasing as more companies reconsidered their relationships with trade unions.

Pontins, which runs a chain of more than 20 holiday camps around the country, signed at the end of 1970s a recognition and collective bargaining agreement with the hotel and catering workers section of what is now the GMB general union.

GMB leaders acknowledge now that membership of the union in the company was never high. They also concede that the Pontins agreement was signed at a time of union strength, effectively to keep it in line with the union's agreement with the rival Butlin's holiday camps, where the union has a larger presence and a stronger membership base.

However, following a £57.5m buy-out last year from Bass by previous directors of the company, Pontins found that GMB membership among its 5,000 manual workers had fallen to a density of less than 1 per cent.

The company decided that with such low membership levels, the GMB could no longer be considered to be representative of its workforce, and accordingly wrote to the union, formally giving it six months' notice of termination of the GMB's collective bargaining and recognition agreement, provided for by the agreement itself.

After this, the company met Mr Mick Fisher, GMB's national hotel officer, and offered the union facilities to recruit. The company says there has been no significant further recruitment and that the union's de-recognition therefore stands.

Pontins is now non-union and said yesterday that its board was considering alternativa mechanisms within the company for setting pay.

Mr Fisher said he regretted Pontins' move, which follows similar withdrawal of recognition by two other companies with which the union had had agreements – the Stakis and Norfolk Capital hotel chains.

However, he said that since the Stakis' de-recognition, the union had seen a substantial membership increase within the company, and he hoped to meet Stakis managers next week with the aim of "building bridges."

Few single wage systems

BY LABOUR CORRESPONDENT

FEW companies have introduced single salary structures covering all workers, in spite of moves towards the harmonisation of the terms and conditions of blue-collar and white-collar workers, according to a report by Income Data Services, the pay and industrial relations research company.

This is in spite of the impetus provided by payment of manual workers by automatic credit transfer to putting blue-collar workers on annual salaries rather than weekly payments.

An IDS study on integrated payment systems found that even in companies which had introduced a single structure most excluded senior managers.

It says reasons which have led to single structures are:

● Some believe terms and conditions for blne-collar and white-collar workers can only be fully harmonised within a common payment structure.

● New technology has led to a blurring of demarcation lines between workers.

● Single payments systems can be much simpler to administer.

● A single job-evaluated salary structure can provide a defence against equal pay claims.

Integrated Pay, IDS Study 411, June 1988, by subscription from 193 St John's Street, London EC1V 4LS.

Courtaulds staff agree pay rise

By John Gapper

THE strike of Lancashire cotton workers at Courtaulds, the textiles gronp, ended yesterday wheo employees voted to accept an improved 7 per cent pay offer and a rise in minimum pay rates of £10 a week.

The settlement, which is expected to lead to a complete return to work over the next few days, was welcomed by the company. It said it had initially underestimated the potency of the minimum pay issue.

Separate talks were held at the Manchester office of the conciliation service Acas to resolve a five-week-old dispute between textile unions and members of the British Textile Employers Association (BTEA).

Courtaulds said its workers had voted by 1,991 to 839 in a workplace ballot to accept the company's revised spinning pay offer of a central increase of 5.5 per cent plus a local productivity rise of 1.5 per cent.

The current minimum earnings level of £78.60 will be increased by £10 to £88.60 with increases on double day and night shifts. The company said it would try to accelerate the process of productivity bargaining at its plants.

The deal was reached in talks at Acas earlier this week. The GMB general union had argued that increased Courtaulds profits had not been reflected in wage rates, but the company said it could not afford more.

The BTEA talks are taking place against a background of rolling industrial action. About 30 of its 120 members have broken ranks and made higher increases than 5.5 per cent.

Correction

Mr John Golding

Yesterday's report on the National Communications Union conference said that Mr John Golding, the general secretary, had said he was extremely unlikely to quit in the wake of the vote calling for his resignation. In fact, Mr Golding made no comment on the vote; the statement that he was unlikely to step down should have been attributed to close friends. We apologise for the mistake, which was the result of a transmission error.

Philip Bassett reports on the impact of the union's decision not to back the leadership

TGWU sets scene for Labour Party warfare

LABOUR Party leader Mr Neil Kinnock will today at an open-air museum near Newcastle upon Tyne make his first public speech following the decision of the executive of the TGWU transport union not yet to nominate him nor his deputy Mr Roy Hattersley in the party's leadership election contest.

Left-wingers in the TGWU's leadership who will be looking for some signs from Mr Kinnock of what they would see as his reverting to traditional party policies, especially on defence and public ownership, are likely to be disappointed.

In this and other speeches in the near future Mr Kinnock is likely to make clear his strong personal commitment to the beliefs and values of the Labour Party, but he is also likely to stress the importance to Labour – and especially to Labour's electoral chances – of the current review of policy.

However, at what the party sees as the first whiff of grapeshot from the hard left, what Mr Kinnock will not do is start back-tracking from the course he has set himself on defence or other key issues of the policy review.

One Labour leader said yesterday: "If anyone imagines that the new reality and the fresh arguments about defence are somehow going to be changed, or materially affected, by the attitude of the TGWU, then they are going to be disappointed."

Party leaders would regard as publicly and electorally disastrous the prospect of Labour's policy review being seen to be affected by what they see as the hard left, and the union hard left at that.

Doing deals with the TGWU executive is not for Mr Kinnock, and that may be of benefit to him.

This attitude may turn the leadership election into more of a contest and he has been at his most successful in such fights – especially where they have been with the hard left.

However, in this case, it is not without its risks, either. To give the TGWU little or nothing to satisfy the concerns of its majority about the current direction of party policy may still see it support Mr Kinnock, but places a genuine doubt about its support for Mr Hattersley.

TGWU leaders are convinced that the union will not split its support on the issue, and that eventually the TGWU will back both Mr Kinnock and Mr Hattersley.

However, if that does not happen, then Mr Hattersley's position may be placed in jeopardy.

Labour's electoral college, which decides the leadership elections, is in terms of votes a much tighter affair than the party conference, where the union block votes swamp all.

The centre-right Mr Hattersley is likely to pick up only a small minority of the 30 per cent of electoral college votes held by the left-dominated constituency parties, and may to not be sure of perhaps much more than half the 30 per cent held by MPs.

If the TGWU were not to back him, Mr Hattersley's share of the 40 per cent of electoral college votes wielded by the unions would be greatly diminished.

Such a TGWU decision might legitimise for unions on the left the breaking of the Kinnock-Hattersley ticket, allowing them to do what some would clearly like to do: vote for Mr Kinnock as leader, but as his deputy Mr John Prescott, Mr Hattersley's principal rival, throwing further into doubt Mr Hattersley's chances.

Mr Ron Todd, TGWU general secretary, and his supporters in the union, will strive to ensure that nothing like that happens.

He is likely to make the TGWU executive's reconsideration of the issue, a fortnight before the party conference, a test of his own authority in the union.

That authority, though, has clearly been severely damaged already since the new TGWU executive took office in March, after elections for it swung control away from the union's "right" to its "left" (in other unions' terms, both groups might well be regarded as on the left).

Mr Todd lost, and lost badly, over the Government's Employment Training scheme at the March TGWU executive. He lost, and lost badly, this week over the Labour Party.

It was not meant to be like that. For the last couple of years, factional infighting has seriously de-stabilised the TGWU at national level, with Mr Todd repeatedly being turned over by an executive majority largely unsympathetic to him.

One of the themes on the left in the executive elections was the need to support Mr Todd, but the practice so far of the new executive with its changed political complexion can hardly be claimed to be that: it is almost as though Mr Todd were too left for the last executive, too right for the new one.

Being rejected over the Kinnock-Hattersley ticket will make Mr Todd more determined that ever to fight his corner.

However, the general secretary of the TGWU again being st odds with his executive bodes ill for the immediate stability of the union.

One TGWU leader said yesterday: "We are going to have five months of warfare."

Neither the TGWU nationally, nor the bodies for which its attitudes and policies are crucial – the TUC and the Labour Party – will welcome the unpredictability that such strife would inevitably entail.

To win, Mr Todd technically does not need much. Two left-wingers, unable to stomach not nominating Mr Kinnock, abstained in the TGWU vote, leaving it at 20 votes to 17. If they and one other can have their doubts on policy eased, that would be enough.

However, in reality, the task is tough. At a pre-meeting on Wednesday night, key TGWU left-wingers such as Mr John Freeman, the Irish regional secretary, intervened to ensure the left line of non-nomination held – as, largely, it did.

To shift that, Mr Todd would need a realignment within the left, peeling away the centre-left: difficult to do without some help from Mr Kinnock.

This week, the TGWU could effectively have resolved the Labour leadership election – removing at a stroke what Mr Kinnock sees as a distraction.

Far from doing that, the union's decision has brought the contest centre-stage; and the show is now likely to run until the very day the electoral college makes its choice.

Training scheme to face opposition

BY CHARLES LEADBEATER

THE GOVERNMENT'S £1.5bn training programme for the adult unemployed, to be launched in September, seems likely to face strong opposition from London boroughs in the wake of the Association of London Authorities' recommendation that its members should not take part in the programme.

The association said yesterday that despite concessions recently announced by Mr Norman Fowler, the Employment Secretary, the scheme, called Employment Training, remained fundamentally flawed.

The ALA expects most of its 15 boroughs to follow its recommendation. However Hackney and Greenwich are heavily involved in the Community Programme, which offers temporary work experience for the unemployed, and may take part in the new programme.

Norman Fowler: Announced concessions

The ALA recommendation could lead to a significant reduction in the Employment Training places available in London. The Manpower Services Commission, the Government's job training agency, which was recently renamed the Training Commission, last year provided training for more than 50,000 unemployed adults in London, on a variety of programmes which will be replaced by the new scheme.

The decision means local authorities are divided over their approach to the scheme. The Association of Metropolitan Authorities' education and economic development committees this week approved involvement in the programme despite judging the scheme to be "far from satisfactory."

The Conservative-controlled Association of District Councils this week recommended its members to back the programma, though it said it had reservations. ADC members provide 13 per cent of places on the 245,000-place Community Programme, and are expected to provide a similar proportion of the 600,000 places on Employment Training.

However both the AMA and the ADC have said they will monitor the programme closely, and their approval depends on it remaining voluntary.

The ALA said the programme's resources would not allow authorities to fund high quality training given London's high wages and transport costs.

Combined with local government financial constraints, this meant it was unlikely authorities would be able to top up allowances for young single people. Without topping up these trainees would be £20 a week worse off under Employment Training's benefit-plus payment formula, compared with the £67 a week paid on the Community Programme.

CBI warning on fall in teenagers

By David Thomas, Education Correspondent

THE Confederation of British Industry warned yesterday that Britain's economic recovery was threatened by a big drop in teenagers forecast for the early 1990s.

By 1994, the number of 16-17 year olds is projected to be about 25 per cent lower than at present.

Mr John Banham, CBI director general, told businessmen in Henley-on Thames, Oxfordshire: "It will become progressively more difficult to attract and keep people with the skills necesary to compete internationally.

"Without a major increase in investment in training, technology, production capacity, research, and the infrastructure, we will not be able to maintain our current economic recovery."

The CBI's education task force will shortly publish an assessment of the demographic trends.

Birthday Honours for finance, industry and politics

Peter Imbert *Knight* — Sir Kenneth Berrill *GBE* — Kerry St Johnston *Knight* — Peter Holmes *Knight* — Beryl Grey *DBE* — Sir William Rees-Mogg *Baron* — Peter Morrison *Privy Counsellor* — Philip Wilkinson *Knight* — Sir Robin Ibbs *KBE* — Cyril Smith *Knight*

The Queen's Birthday Honours List is announced today. An edited version follows.

LIFE PEERS

BARONS

Mr Robert Scott Alexander, Judge of the Courts of Appeal of Jersey and Guernsey; chairman, Panel on Take-overs and Mergers.

Prof Sir (William) John (Hughes) Butterfield, former Regius Professor of Physic, Cambridge University.

Lord Alexander John Mackenzie Stuart Mackenzie Stuart, president, Court of Justice, European Communities, Luxembourg.

Sir William Rees-Mogg, chairman, Arts Council of Great Britain.

PRIVY COUNSELLORS

Mr John Ambrose Cope, Minister of State, Department of Employment (MP, Northavon).

Mr Peter Hugh Morrison, Minister of State, Department of Energy (MP, City of Chester).

KNIGHTS

Mr Christopher John Ringer Ball, chairman, National Advisory Body for Public Sector Higher Education.

Mr Anthony Richard Barrowclough, Parliamentary Commissioner for Administration and Health Service Commissioner for England, Wales and Scotland.

Mr Harrison (Harry) Birtwistle, composer.

Mr John Derek Richardson Bradbeer, president, Law Society.

Mr Colin Michael Chandler, head of defence export services, Ministry of Defence.

Mr Alcon Charles Copisarow, chairman, Youth Business Initiative.

Mr John Muir Drinkwater, a recorder of the Crown Court.

Mr Nicholas Hardwick Fairbairn, for political service (MP, Perth and Kinross).

Mr Antony George Anson Fisher, founder, Institute of Economic Affairs, for political and public service.

Mr William Gerald Golding, author.

Mr Graham John Hills, principal and vice-chancellor, University of Strathclyde.

Mr Peter Fenwick Holmes, chairman, Shell Transport and Trading Company.

Mr Peter Michael Imbert, Commissioner, Metropolitan Police.

Mr Aaron Klug, services to molecular biology.

Mr John (Jack) Layden, chairman, Association of Metropolitan Authorities.

Mr Robert Michael Conal McNair-Wilson, for political service (MP, Newbury).

Mr Hilary Duppa (Hal) Miller, for political service (MP, Bromsgrove).

Mr Peter North Miller, former chairman, Lloyd's of London.

Mr John Godolphin Quicke, for public service and services to agriculture.

Mr Edward Rayne, chairman, British Fashion Council.

Dr Charles Hugh Reece, for services to science and technology, research and technology director, Imperial Chemical Industries.

Mr William Vernon Stephen Seccombe, chairman, South Western regional health authority.

Mr Cyril Smith, for political and public service (MP, Rochdale).

Mr Kerry St Johnston, former president, General Council of British Shipping.

Mr Reo Argiros Stakis, chairman, The Reo Stakis Organisation.

Mr John Heydon Romaine Stokes, for political service (MP, Halesowen and Stourbridge).

Mr William George MacKenzie Sutherland, Chief Constable, Lothian and Borders Police.

Mr Keith Vivian Thomas, president, Corpus Christi College, Oxford, for services to the study of history.

Mr Alexander Cuthbert Turnbull, Nuffield Professor of Obstetrics and Gynaecology, Oxford University.

Mr Norman Edward Wakefield, chairman and chief executive, Y.J. Lovell (Holdings).

Mr Dennis Murray Walters, for political service (MP, Westbury).

Mr Neil Gowanlock Westbrook, for political and public service, chairman, Trafford Park Estates.

Mr Philip William Wilkinson, deputy chairman, National Westminster Bank.

ORDER OF THE BATH

GCB

Sir Clive Anthony Whitmore, permanent under secretary, Home Office.

KCB

Mr Peter Lewis Gregson, permanent under secretary, Department of Energy.

Mr Richard Anthony Lloyd Jones, permanent secretary, Welsh Office.

CB

Prof Ronald L. Bell, director-general, Agricultural Development and Advisory Service; chief scientific adviser, Ministry of Agriculture Fisheries and Food.

Mr William J. Bohan, assistant under secretary, Home Office.

Mr Michael Bridgeman, Chief Registrar of Friendly Societies and Industrial Assurance Commissioner.

Mr John St L. Brockman, solicitor to the Department of Health and Social Security, and registrar general to the Office of Population Censuses and Surveys.

Mr Harold G.T.P. Doyne-Ditmas, under secretary, Ministry of Defence.

Mr William H. Jack, permanent secretary, Department of Agriculture, Northern Ireland.

Mr Iain S. Macdonald, chief medical officer, Scottish Home and Health Department.

Mr James A.M. MacKenzie, former chief road engineer, Scottish Development Department.

Mr James K. Mason, parliamentary counsel, Office of the Parliamentary Counsel.

Mr Nicholas J. Monck, deputy secretary, Treasury.

Mr Robin Mountfield, deputy secretary, Department of Trade and Industry.

Mr John T. Murley, Foreign and Commonwealth Office.

Mr Bernard Pollard, former deputy secretary and director general (technical), Board of Inland Revenue.

Mr Peter G. Smith, under secretary, Ministry of Defence.

ORDER OF ST MICHAEL AND ST GEORGE

GCMG

Baron Carrington, Secretary-General, North Atlantic Treaty Organisation, Brussels.

CMG

Mr Ronald F.R. Deare, grade five, Overseas Development Administration.

Mr Anthony D. Loehnis, executive director, Bank of England.

ROYAL VICTORIAN ORDER

GCVO

Mr William Heseltine, private secretary to the Queen.

CVO

Mr Brian McGrath, private secretary and treasurer to the Duke of Edinburgh.

Mr William Oswald, manager, Royal Studs.

ORDER OF THE BRITISH EMPIRE

GBE

Sir Kenneth Berrill, former chairman, Securities and Investments Board.

DBE

Miss Beryl Grey, for services to London Festival Ballet and Royal Academy of Dancing.

Peter Miller *Knight*

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Risks of slow adjustment

CAREFUL perusal between the lines of the latest OECD Economic Outlook suggests that the condition of the world economy is critical, but not uncomfortable. Meanwhile, the economy of Western Europe appears to be in the opposite condition: uncomfortable, but far from critical.

The main news since six months ago is the continued dynamism of the world economy. In terms of economic growth, 1988 is likely to prove a satisfactory year, with gross national product growth for the OECD as a whole of 3 per cent, following growth of 3.1 per cent in 1987. Last December, by contrast, OECD GNP growth in 1987 was expected to be 2¾ per cent and growth was forecast at 2¼ per cent in 1988.

What is most remarkable is the speed at which the OECD economy as a whole was moving at the time of Black Monday. In the OECD real total domestic demand was expanding at an annual rate of 4.8 per cent in the second half of 1987, with the rate of expansion in the US at 4.0 per cent, in Germany at 4.3 per cent and in Japan at no less than 7.7 per cent. Yet Japan's rate of growth of real total domestic demand was almost sluggish by the standards of the OECD's hare, the UK, where real domestic demand was growing at an annual rate of 9.2 per cent.

In retrospect, therefore, Black Monday appears to have been a perfect piece of timing. Financial markets simply did a much better job of demand management than the governments themselves.

External accounts

The question-mark is the external accounts. Here the OECD projects a US current account deficit for 1988 and 1989 of $150bn and $132bn, respectively, up from the $134bn and $105bn forecast last December. The slow external adjustment is the counterpart of the continued buoyancy of GNP. The volume of US exports of goods and services is forecast to rise by 15¼ per cent in 1988, but imports are expected to rise by 6¾ per cent. By contrast, last December imports had been expected to grow by a mere 1¾ per cent.

In 1987 the official component of the finance of the US external deficit was $130bn to $140bn. If there were a serious loss of confidence in American policy-making, however, the amount of finance needed could be larger than just the current account deficit, since the entire stock of relatively liquid dollar claims overhangs the market.

With these problems threatened by the combination of a buoyant world economy and slow adjustment, more rapid adjustment would seem desirable.

There is little doubt that Japan could survive without its huge current account surplus. The situation of Western Europe is different. Even the slow adjustment forecast by the OECD is likely to create problems, superimposed upon an already uncomfortable condition.

Between 1980 and 1987 the average GDP growth of OECD Europe was less than 2 per cent and average unemployment was about 10 per cent. Since 1985 the European unemployment rate has edged down by 0.4 percentage points, but the improvement has been almost entirely accounted for by the UK. In 1988 and 1989 the OECD projects a rise in the unemployment rate in OECD Europe, despite a generally favourable world economic environment.

Misleading surplus

In 1987 OECD Europe had a current account surplus of $37.5bn, but this is misleading. The surplus was more than accounted for by Germany. The OECD estimates the current account of OECD Europe, minus Germany, to have been in deficit by $6.8bn in 1987. In the forecast, that deficit rises to $23bn in 1988 and $33bn in 1989, despite a modest adjustment of the US external position.

The risk for Europe is that the chronic malaise of slow growth and high unemployment would be greatly exacerbated by a more rapid adjustment of the US external position. Of the three major European countries, other than Germany, it is Italy that seems to be in the best position to cope, since Italy's household sector has a uniquely high surplus of savings, of 13½ per cent of GNP in 1987. If Italy could resolve even a part of its public finance problem, it would be in an excellent position to cope with any conceivable adjustment of the American external position.

By contrast, France and the UK share the problem of attracting the international finance required for rapid growth. With a major imbalance emerging within Europe, perhaps the UK should join the EMS not so much to link its currency firmly to the D-Mark as to force its appreciation in relation to other European currencies.

The remarkable lack of discomfort in the global economy probably makes a crisis more, not less, likely in the end. For Europe, the present slow adjustment would appear to be welcome. Yet, looking at the benefits ultimately felt in the UK by the shock of 1979-81, faster adjustment of the US external position may benefit Europe, too. Only then, perhaps, will the European countries contemplate the changes in policy required to cure their chronic complaint of Eurosclerosis.

John Lloyd asks why standards have declined in the British press and why The Sun is so successful

On the good ship titillation

WHEN THE matter of standards in the British press is discussed, sooner or later people cite The Sun newspaper. It is not the only paper which attracts complaints and writs, nor are its reporters alone in harassing, wedging their feet in doors and doing "needlework" (*embroidering and stitching up*).

But The Sun sets the pace – as it showed again this week when it broke the story of the late-night adventure with a barmaid which led to the sacking of Mike Gatting, the England cricket captain. When the Daily Star went down-market with more bare breasts than any other newspaper, it was to challenge The Sun. When MPs bring bills to protect privacy (Bill Cash, Conservative), ensure a right of reply (Anne Clwyd, Labour), or ban pin-ups (Clare Short, Labour), they are responding to The Sun. When Timothy Renton, Home Office Minister, threatens regulatory legislation for papers which "intrude mercilessly into the private lives of ordinary men and women", The Sun is in his mind. When Kenneth Morgan, director of the Press Council, worries that "irresponsible or offensive behaviour" is building up support for legislation, he does so after observing that The Sun easily topped the complaints upheld league last year – 15 upheld, one partly upheld, only six rejected.

The Sun (circulation 4m-plus) offends, distresses and outrages – emotions intensified by the print unions' dispute with News International at Wapping. During the dispute, left-wing students picketed the paper's former columnist, the historian Professor John Vincent, and invaded his lecture hall at Bristol university. Last month, Rick Sky, The Sun's showbiz columnist, was punched and kicked by Elton John's manager. The paper's writers earn their £30,000-plus pay cheques.

So are The Sun and its Sunday mate, the News of the World, dangerous to society? Corrosive of morality and literacy? Do they drag the more august papers down in the minds of the public and the establishment, meaning that sooner or later curbs will be placed on us all?

Mike Molloy thinks so, but as editorial director of the Mirror Group, perhaps he would. The Sun snatched the Mirror's post-Second World War ascendancy over the British working class 12 years ago and now sells some 1m copies more every day. He calls Kelvin MacKenzie and Wendy Henry, respectively editors of The Sun and the News of the World, "barbarians". "They move in a closed circle," he says. And, he adds, they frequently attack those who profess any kind of standards as pompous, liars, cheats or hypocrites.

There is a certain ethical framework to this debate which is worth recalling. The marker, still, is Richard Hoggart's The Uses of Literacy, published 31 years ago. His thesis was that values like tolerance, egalitarianism and curiosity were being thinned and corrupted as "the people" were flattered and hectored out of their sense and sensitivity by a cannibalising press.

"The popular papers . . . elevate the counting of heads into a substitute for judgment . . . good writing cannot be popular today, and popular writing cannot genuinely explore experience . . . these are the back-scratchers for the common man . . . they must, by deriding any kind of authority where they find it, appeal to and calm any submerged sense of inferiority and disquiet."

Embedded in Hoggart's critique is the charge that the popular press does give the mass of people what they want – but it is what they want with the worst part of themselves. These moralistic notes are being struck again, if not so clearly. But do they sound true? Are The Sun, the News of the World and the rest of the tabloid press now so bad that they demand legislative attention?

To understand today's Sun, you must understand something of its editor, Kelvin MacKenzie. It was not Mr MacKenzie, 41, educated at Alleyn's (grant-aided) School in South London, who refashioned The Sun from the loss-making pro-Labour broadsheet Rupert Murdoch took over in 1969. This was done by Sir Larry Lamb, editor of the newspaper between 1969-72 and 1975-81. But *over the past seven years, Mr MacKenzie* has also remolded the paper.

He does this by work, will and instinct, which amount to a kind of populist genius. He is chauffeured in a Jaguar every morning to be in his Wapping office at about 8 am. The current news editor, Tom Petrie, and other *driven executives will usually be there* too. "You could fire bullets through the Mirror newsroom at 9.30 am and be sure of not hitting anyone," says one contemptuous Sun staffer. "Kelvin puts in 14 hours and then some."

He acts like editors used to in American films. "You never know when or why," *says a recently departed writer*, "but he knows your Achilles heel and he *goes* for it." He attracts both fierce admiration and fear. Few answer back, although growing resentment earlier this year resulted in a collective complaint. When five redundancies were called for, over 40 people applied. Mr MacKenzie promised to change, but staff say it only lasted two weeks.

He has pushed the paper much further than Larry Lamb into the land of outrage. "Freddy Star ate my hamster" stayed this side of the amusing as a splash; but "GOTCHA", the headline run at the time of the sinking of the Argentinian cruiser General Belgrano during the Falklands war (dropped in later editions when the scale of death *was known) still gets flung* at the paper.

Professor Vincent, invited to tell the secrets of the paper's popularity at the *1986 Liberal Party* conference, said the establishment saw this as being "outside the culturally permitted boundaries of patriotism." It was also, he said, "a complex problem of socio-linguistics" – whereas a liberal intellectual might see the headline as gloating, a Cockney sub-editor would simply see *it as marking the sinking* of an enemy ship.

But it is not just the news. Indeed, The Sun prints little news, as conventionally defined. Sun writers often, defensively, refer to their paper as "the comic". This is right, because, like a successful comic, The Sun has hooked up to a *level of fantasy, superstition* and popular belief which is more "real" to its readers than a parade of half-remembered foreign and domestic leaders, pundits and experts who declaim in the ether. In capturing the essential television-age truth that reality is the appearance, The Sun had been able to *co-opt "real" people (like the royal family)* into its own fantasy world, and play with them in it.

One example demonstrates Mr MacKenzie's soaring talent in this respect. He read some freelance copy which speculated in its final paragraphs that a house fire was the result of a "curse" *on a picture called* The Crying Boy, a mass-produced, sentimental portrait which survived the flames. Mr MacKenzie seized on the suggestion and blew it up to a splash, "Blazing Curse of the Crying Boy Picture!". The story claimed that the portrait was cursed and that anyone owning one of them should send it to The Sun to be destroyed. Everyone thought "Kelvin's flipped" – until truckloads of Crying Boys began arriving, nudging Sun reporters out of their cramped offices. They were finally made into a pyre outside Reading.

No treasure trove has been better plundered than the royal family. Rupert Murdoch's republicanism must, as Professor Vincent argues, be more than rumour because of the coruscating effect which The Sun's coverage – emulated by others – has had. It was a Sun *reporter* who got the *story* that the Klosters avalanche in March which caused the death of Major Hugh Lindsay was the Prince of Wales's "fault". Colleagues say the reporter got it by asking another reporter to translate a German-speaking official, then seizing on one part of the translation which *suggested* that over-optimism by the royal party might have been a contributory cause. It was not entirely fictitious *but it existed in the hinterland between* fiction and fact.

The characters who feature in The Sun and the News of the World may be real people in name – but are made to fit into stereotypes of themselves by rigorous selection: The Princess of Wales as short-tempered, party-loving; Prince Charles as slightly wimpish, and so on. In no other case is this more true *than that of the royal family* – because they do not sue. (Though the Queen, uniquely, obtained an injunction to stop publication of a footman's memoirs in The Sun). Buckingham Palace, by seeking a more demotic style to help preserve royalty into the 20th century, has met a different kind of *demos* from that it must have expected – *one* much more voracious and insatiable.

This *demos* pushed Sun photographers through the undergrowth to get a picture of the Princess of Wales, pregnant, in a bikini (complaint to Press Council, upheld); and sent its reporters out to get a quote from Major Ronald Ferguson, the father of the Duchess of York, after reports of his visits to "VIPs' vice den" ("You must be out of your minds. I have nothing to say"). Can the royal family survive much more of this, and still preserve its dignity?

The Sun's effective republicanism is not its only claim to radicalism. Larry Lamb, knighted in 1981, was thought by many, including Mr Murdoch, to be too close to the Government. Ron Spark, the Sun's chief leader writer, says that "we must keep a distance, a large distance, between ourselves and politicians". Credited by his colleagues with having a hot-line to No 10, Mr Spark says he has only met Mrs Thatcher three times. Mr MacKenzie hates meeting politicians – or anyone, it seems – outside his office.

Rather than reacting to a public agenda formed by politicians, officials, courts and others, The Sun's agenda is the "mood of the people" – as interpreted by an editor and a staff who commune with "the people" largely through instinct and casual contact. "You talk to people in pubs, to taxi drivers, you watch the telly. You find out what the *ordinary* people are thinking. During the Falklands, they wanted us to win. You just had to listen," says a former Sun executive.

Professor Vincent says it is a moral paper: it professes outrage at the peccadilloes it exposes and the stories cumulatively express a variant on the popular philosophy that we are all sinners "be ye never so high". More surprisingly, Joe Ashton, Labour MP for Bassetlaw and himself a former columnist (for the Daily Star) finds its sexiness wholly tolerable. "You're putting one part on another part a thousand times a day: you look up and you see Samantha Fox naked from the waist up. It helps you through the day. That's all right. Those who slam it don't know that kind of life."

But he recognises a certain loss, too. "It's for the trucker, the man or woman who works alone, or is split up, as many now do. The papers were read in shipyards and pits and factories, and discussed. *The Sun knew all that was* passing."

Politically, The Sun is not so much Conservative as super-Thatcherite. Mr Spark says that the paper and the Prime Minister are pursuing parallel themes; Professor Vincent says that Murdoch's main guiding principle is "a *restless quest for effective individuals*, and Mrs Thatcher is that." Mr Spark dips his pen in deepest acid for Conservative wets, who are really everybody who is not Mrs Thatcher or Norman Tebbit (though it will turn on him, too, when he turns on *her*).

For Mr Molloy, it is the paper which "*spotted the right-wing yob emerge*". For Professor Vincent, it is a paper which "works on the boundaries of literacy; if it did not exist, many people would not read." It attacks homosexual campaigners (those who do so within the church it calls "Pulpit Poofs", and was gleeful when a complaint to the *Press Council was not upheld); foreigners* ("Hop off Froggy"); wets ("Cabinet discards"); and anyone else who can be seen as a killjoy.

It is easy to condemn. More difficult is to examine the questions which underlie Hoggart's work: how far does a paper like The Sun lead, how far does *it follow*? Is it a *malign* carapace which constricts popular culture, or are the two inter-related? How much does rage against The Sun act as a displacement activity for the more difficult matter of making liberal values popular?

Much The Sun cares for all of that: but if society is to move against it, *there are awkward questions to answer* as well as virtue to assert.

Man in the News

Los Albertos

Breaking out of a stately Spanish mould

By Peter Bruce

ALBERTO ALCOCER and *Alberto Cortina are cousins and* own one of Spain's fastest expanding industrial and financial *holding* groups. They both trained in Madrid as lawyers, live opposite each other in a fashionable apartment block, share the same taste for smart clothes and smoke the same brand of cigarette. Their wives are sisters.

Since they started working together in 1970 in Construcciones y Contratas (Conycon), the construction company they now own, *Los Albertos* – an epithet they dislike but which has stuck – are said to have built up the third largest fortune in Spain after the March and Botin banking *families*.

Late last year they rocked Madrid's cozy banking world by joining forces with the Kuwait Investment Office (KIO) to become the largest shareholders in Banco Central, the country's biggest bank, with 13 per cent of its stock. In doing so they terrified the bank's independent old chairman, Alfonso Escamez, into last month's agreement to merge with Banco Espanol de Credito (Banesto). This week, determined not to have their hold on Central diluted, Alcocer and Cortina began an audacious raid on Banesto stock as well, saying they wanted 7 per cent of Banesto to give them 10 per cent of the merged unit.

Spanish businessmen have only recently begun to be this unkind to each other, but as institutional cobwebs are brushed away in advance of 1992 many old rules are being broken by newcomers. The Albertos are among the most recent arrivals on the national scene. Publicity-shy but engaging in private, Alcocer and Cortina were first photographed together only in January this year.

Mr Escamez may rail privately against the Albertos but he is up against real pedigree. Mr Cortina's father was an ambassador to Paris and later one of Franco's Foreign Ministers. Mr Alcocer is son of a stock broker and grandson of one of Madrid's best known mayors. They married the daughters of the founder of Conycon, Ernesto Kipolovitz, who was a close friend of Ramon Areces, *chairman of the big department* store chain Corte Ingles. Mr Areces took the girls under his wing *after their father* died and introduced the Albertos to business.

They are obviously enjoying themselves. In a rare interview, both men spoke with feeling for Areces, whom they clearly adore. "We had a great teacher, we owe *all* we know to him," says Cortina, the more talkative of the two. They are determined to stay in Banco Central and to stay with the merger despite Mr Escamez's *efforts* to win Government help and force them out.

By the time they bought into Banco Central, Albertos had already assembled a sizeable empire, built on construction and property development. They had bought 35 per cent of Banco Zaragozano; *36 per cent of FOCSA*, a construction company even bigger than Conycon; 47 per cent of the profitable cement producer Portland Valdiverras; and 11.5 per cent of Cofir, the Spanish arm of Carlo De Benedetti's holding company Cerus.

After the October stock market crashes, stuffy old Central was an obvious target. Cartera Central, the joint venture to buy into Banco Central with the KIO, was formed on November 26 last year. The Albertos control 51.2 per cent of its stock. "It was a business *opportunity*," says *Alberto* Cortina with a smile. "We knew that the management of Banco Central was antiquated . . . but we trusted our instincts, our people and management capabilities to improve it."

This is the sort of talk that Mr *Escamez hated* and more than once he is said to have offered to buy them out. But, says Mr Alcocer: "We are not speculators, and we have a theory that he who buys wins and he who sells loses. Where we have bought we have improved management and prof*its have risen spectacularly*."

Although Cartera Central has been allowed on the Central board, Mr Escamez starves them of information, they say. They were not consulted about the Banesto merger and there is clearly little gentlemanly feeling.

"Escamez is old " says Mr Alcocer – 72, in fact. "A few months ago he was opposed to mergers." The two men are convinced that they are the harbingers of a new style *in Spanish management*. "We believe in teams," says Mr Cortina. "Spain is a highly per*sonalised country* and *working* in teams is difficult. There are many professionals in Spain but they are not promoted in their companies. The advantage of our groups is that we are a team of good people and all have opportunities to reach their potential."

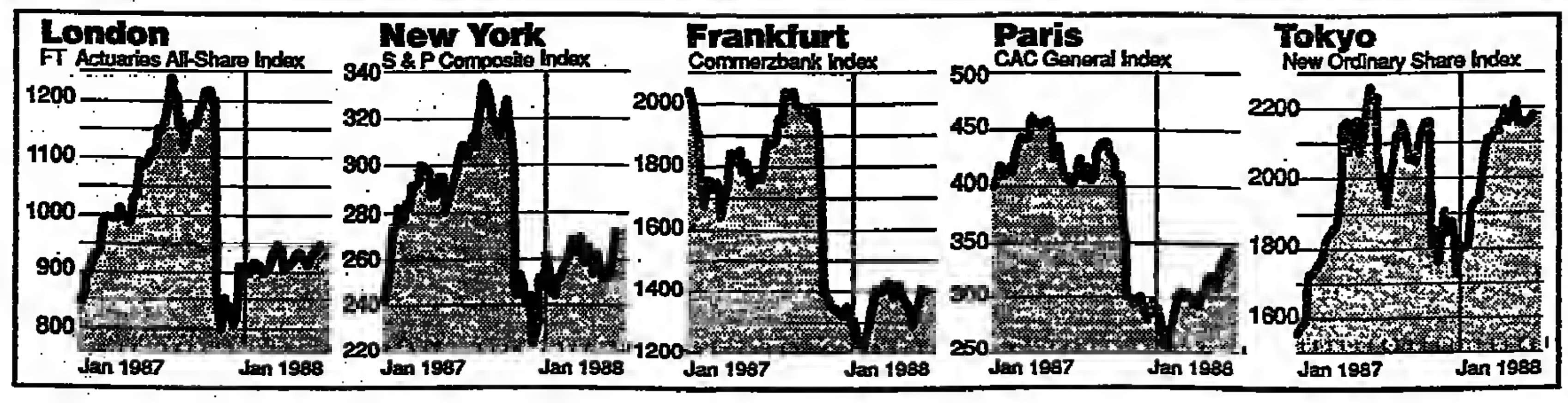
Some associates accuse the Albertos of being, if anything, a little on the soft side. "I think if *the Government told them* to back down on this (Central) thing, their tendency would be to do so," says one.

Their association with the KIO *has lost them* a few *potential* friends but, says Mr Cortina, "there are people who are scared of *KIO but they* don't know them. They are long term investors and we have never had a more important partner." And the more their young circle is attacked the closer they draw to each other. The Albertos have only praise for the KIO's senior associate in Spain, Mr Javier de la Rosa, an ex-banker with a controversial reputation in financial circles.

At the moment the Albertos work out of meagre rented accommodation just off Madrid's Castellana. Some offices down the hall have just been wrecked by fire. But outside, *rises their* new headquarters building, soon to be the tallest in Spain.

The attempt by Banco Central and Banesto to freeze them out has only served to get the blood boiling. The two men constantly bounce ideas and jokes off each other. "They (Central and Banesto) will have to talk to us sooner or later," says Alberto Cortina. They are concerned about Mr Escamez's plan to create a holding company to manage the two banks, with each donating 15 per cent of its equity to the new parent. Mr Cortina warns that "the merger is necessary but it is important that they do it right." Says a colleague: "You can't create a subsidiary to own you."

"It is possible to get 10 per cent of the merged bank," says Mr Cortina, "it is just a question of money and time. Alberto (Alcocer) is 45 and I am 42 and we have lots of time."



FT writers examine this week's rally on the world's stock markets

The betting backs off the bear

IS THIS the last opportunity to cash in your chips from what has been, despite October's crash, the biggest winning streak for stock-market investors since the 1920s? Or is it a final chance to grab some outstanding bargains before the rest of the world wakes up from its post-crash stupor?

It is, of course, a platitude that the financial markets have always been a battlefield between the forces of greed and fear. But after this week's worldwide stockmarket rally, with Wall Street and many other stockmarkets near their post-crash peaks and Tokyo at its highest level ever, the order of battle is much clearer than usual.

The outcome depends essentially on whether Black Monday was just a storm in a teacup or the beginning of a long-term bear market. That may sound like a simple restatement of the $64,000 question – are stock prices headed up or down? But there is more to it than that.

Never in history has a bear market been confined to a single day, or even a single month, however cataclysmic. If it turns out, therefore, that the crash was actually the start of a protracted bear-market trend, then all past experience suggests that there will have to be a serious recession before the cathartic process is completed. And the selling would reach a climax at prices much lower than the nadir of Black Monday.

In that case, the latest run-up in stock prices would be a classic "mugs' rally". Indeed, the Dow would have to climb 6 per cent higher to around 2250 – and then sink steadily to around 1200 by the year-end – in order to continue the uncanny replay of the 1929-30 disaster which seemed to begin last October.

Before getting carried away with dubious historical parallels, however, it is worth looking at the positive side of the financial and economic picture which has become clearer since Black Monday. The aftermath of the crash has demonstrated that the health of the US and world economies is much more robust than had previously been feared. This largely explains the worldwide revival of confidence since the New Year. What people have begun to realise is that the relationship between economic growth and stock prices works only one way. While a recession is almost always foreshadowed by the start of a bear market, a steep fall in equity prices will not necessarily produce a recession.

Admittedly, investors have recently become more anxious about inflation than about economic growth. But, as a result of the orderly devaluation of the dollar, the growth of US exports and the strong domestic expansion in Japan and to a lesser extent in Europe, economists are almost unanimous in opining that the chances of maintaining moderate growth with low inflation are now much better than they were six months ago.

What the bulls are fundamentally assuming is that this optimism will be justified, that a recession will be avoided, not just this year but any time in the foreseeable future – that the world is now at the beginning of a new economic upswing which began last year, rather than at the tail end of the ageing expansion dating back to 1982.

In that event, the crash last October will be seen in retrospect not as the beginning of a classic bear market, but simply as a horrendous correction in a continuing upward trend. The bulls remind themselves that a comparable 20 per cent setback occurred in 1962, right in the middle of the glorious 1951 to 1969 bull market. More recently, investors have had a more direct example to sustain their waning courage. The spectacular recovery of the Tokyo stockmarket seems to provide irrefutable evidence that Black Monday did not mark the beginning of a protracted downturn for the world as a whole.

And yet, it is easy to see why US investors' nerves again seemed to fail them this week, as the Dow Jones Industrial Average approached its post-crash high of 2110. The short-term traders are naturally concerned about the 100-point falls which the market has repeatedly suffered whenever it reached this level. But for the longer-term investor who does not fully share in the confidence about the economy's future, it is impossible to ignore the risk of much bigger losses over the next year or more.

The Dow and the Standard & Poor's 500 index are now 21 per cent above their Black Monday lows, but all previous experience suggests that, in a fully fledged bear market, they would have a good deal further to fall. The dizzying speed of the market's ascent from the autumn of 1985 onwards suggests that, if the Dow did fall decisively through 1750, there might be little support for share prices until the index reached 1350 to 1400, giving up most of the gains it recorded not only in 1987, but in the previous two years as well.

Such fears emerge not just from chartist mumbo jumbo or questionable extrapolations from the 1930s. They also seem consistent with expectations of US corporate profits and normal bear-market relationships between profits and the price of stocks. The price-earnings ratio on both the Dow Jones Industrial Average and the S&P 500 at the end of last week were 14.2. This is 80 per cent higher than the p/e of 7.9 at the bottom of the last bear market, in 1982, and 7.5 in 1974. It also compares with a 50-year average of 13.6, which gives a good indication of the long-term returns which investors expect from their shareholdings.

These figures confirm that Wall Street prices are not at present particularly overvalued in relation to corporate profits, but they are still well above the bargain basement levels usually associated with the bottom of a bear market. If profits were to stall at the point they reached in the first quarter of 1988, the Dow would have to fall to around 1100 for traditional "bottom of the market" values to emerge.

This crude calculation, however, is too gloomy by almost any standards. The average profits of the companies in the S&P 500 index grew by 21 per cent in 1987 and are now rising even more sharply. Wall Street expects S&P earnings to increase by a further 15 to 31 per cent this year, according to the Institutional Brokers Estimate System run by Lynch Jones Ryan. In 1989, a further 9 or 10 per cent improvement is expected. Assuming that the lower end of these expectations was realised, the Dow would have to fall to around 1400 for its p/e to reach the clearly undervalued level of 7½ to 8.

That seems to represent, then, a reasonable estimate of how much more investors could lose if the October crash were to mature from a one-day wonder into a fully-fledged bear market.

Now, step up and place your bets.

Anatole Kaletsky

THE NEWS of surging equity prices in Japan is as fresh as a piece of stale sushi.

Tokyo has been travelling along its own road since the crash, mostly at breakneck speeds. From a low in early November the Nikkei index has staged a 33 per cent advance. Not surprisingly, the recent gains on Wall Street have made little more than cheerful breakfast reading for the Japanese.

On Thursday, the Nikkei punched through the 28,000 barrier for the first time. Shares fell back yesterday, but few Japanese players admit to even the mildest case of vertigo. "We anticipate an increase in the index to as high as 32,000 to 33,000 by August," said Mr Yoshiaki Takanashi, general manager at Yasuda Trust and Banking, one of Japan's largest institutional investors.

For those who like fundamentals, Japan has them in abundance: a bustling economy, a surge in corporate profits following the yen's appreciation, lower import and energy costs and a continued boom in consumer spending. Two other homegrown factors – plentiful supplies of money and confidence in the future – are also vital to the market's strength.

The Japanese also remain dedicated to their own market; Wall Street's recent rise has not led to any rush for US stocks. While they have once again become strong buyers of US government bonds, most Japanese fund managers are waiting for the outcome of the US presidential elections before making a move toward US stocks.

Nonetheless, there are several analysts, mostly foreign, with a slightly less upbeat feeling about Tokyo. But the towering p/e ratios that led many to predict a crash in Tokyo a year ago are no longer causing anyone to lose any sleep. In addition to the country's strong economic fundamentals, Tokyo is aided by the close-knit nature of its investment community.

Carla Rapoport

Weather forecasting

An unsettled outlook for the Met Office

By Feona McEwan

BRITISH weather forecasters, long used to public brickbats when their predictions for the nation's fickle climate prove wrong, have run into a new pocket of turbulence among themselves.

A dispute has emerged between the Meteorological Office, which for more than 100 years has been the largely unchallenged fount of weather forecasting, and a handful independent forecasters and commercial weather forecasting companies, which make money by tailoring their services to the individual needs of business and commerce.

The independents rely on the technological might of the Met Office, which is regarded as a world leader, for basic data. And there lies the problem. The data, they say, is not as readily and affordably available as they would like and it is clear that frustration with the Met Office and its attitude to competition is growing.

The Met Office is a government-controlled body under the Ministry of Defence. "We need the independents and they need us," insists Mr David Houghton, director of marketing at the Met Office. "They need our data and we are currently negotiating terms with some of them. It is a big problem tailoring the forecasts to the needs of individual companies – this is where the commercial operators come in. They can jump faster."

The independents see things differently. "Basically, the Met Office doesn't like anyone else having anything to do with forecasting or meteorology, whatever it says. It doesn't like it and it doesn't make things easy for anyone," said one.

Mr Roland Chaplain, co-ordinator of the independent Scottish-based Weather Watchers Network, argues that "the Met Office is preventing the development of the consultancy sector by not enabling its 'products' – in terms of raw and analysed data – to be available at a rate that makes it viable for the consultants. The question is why doesn't it?"

Weather Watchers is a Manpower Services Commission-backed body with five winters' experience as a commercial organisation. It uses a network of amateur observers, covers small-ish geographical areas and offers regular updates to clients who include industrialists, farmers, public services and road organisations.

Mr Chaplain, a fierce advocate for the independent sector, has made public a private letter received from the Met Office in which it explains a withdrawal of co-operation with Weather Watchers saying that it fails "to see how you can still consider that there exists any 'special relationship' when your organisation is in direct commercial competition with the Met Office for customer services." Mr Chaplain argues it is in everyone's interests to encourage the delivery of special weather services in Britain.

Mr Philip Eden, a respected meteorological consultant working in radio and the press, admits to being "very, very sad that the atmosphere in the provision of weather services has been so unfriendly.

"The Met Office has held and continues to hold a near monopoly on the provision of information to private consultants and provision of services to industry and the public. I've not been happy with the situation over recent years," he says.

The application of weather forecasting to commerce and industry is an issue that has come to the fore increasingly over the last five years as commerce grasps the economic impact of weather on business. For many years, it was weather-sensitive companies like oil, shipping and aviation industries that were the main users of weather forecasts. Now retailers, media, local authorities, leisure industries are keen consumers of weather maps.

"Industry is becoming more aware generally of how weather can affect profits," says Mr Alan Webb, marketing director of Ocean Roots, an Aberdeen-based international weather consultancy company. He reports enquiries ranging from retailers wondering which vegetables to stock, or how to distribute weather-sensitive products like vehicle de-icers, or fuel companies preparing for a cold snap.

But this market is only beginning to be tapped. Estimates suggest well over 50 per cent remains untouched.

Mr Houghton believes the Met Office services could save companies millions of pounds. "We reckon our charges are less than 10 per cent of the savings achieved in benefits by using our services.

The role of the Met Office, which claims to be the leading international meteorological forecasters in the world, is complex. It is manufacturer (in the sense of putting up satellites) wholesaler (it gathers the data) and retailer (it dispenses the data). In the US, by comparison, basic data is collected, observed and distributed by the National Weather Service and passed on, for a basic charge, to the hundreds of weather forecasters across the country, something many UK forecasters would like to see emulated in Britain.

Historically, the Met Office's main customers have come from the public sector including the armed forces, local authorities, government departments, public corporations as well as civil aviation and shipping industries. At one time its services were largely free but as technology improved so charges have been introduced.

But amid the clouds banging over the weathermen, there is a ray of sunshine. Mr Eden says he detects changes and hopes that through "diplomatic discussion", the independents will be able to provide services on a more or less equal footing with the Met Office.

For its part, the Met Office is exploring more commercial avenues. Dr John Harrison of the climatic hazards unit at Stirling University, says: "I'm utterly certain that's where the Met Office is heading in the next five years. But it needs to be done carefully. You can't lay out your store until you first find out what your customers want."

This is all very well, say the independent forecasters, who believe there is room for all parties, but where does this leave the competition? Mr Chaplain warns: "The whole area of weather forecasting is going to be thrown into the melting pot in the next few months."

Letters to the Editor

Opportunity should be equal

From Mr J.D. Coombe.

Sir, Nestlé has made itself invulnerable to takeover by forbidding any one person to hold more than 2 per cent of its share capital. It is not acceptable that such a company has free rein to bid for the whole of the share capital of others. Free competition requires all players in a market to be equal in opportunity.

If the Government is truly in support of free competition it should introduce a reciprocation law. This could simply state that no company may bid for any other beyond the limits which the bidder has placed on ownership of its own share capital. With 1992 only four years away, competition policy within the European Community (EC) and in respect of those outside must be rapidly developed both by the UK Government and by Brussels.

J.D. Coombe,
76 Valley Road,
Rickmansworth, Hertfordshire

Latched onto an idea

From Dr Laurence Copeland.

Sir, The Lex column (June 7) expresses amazement at the impact on shares of the previous day's rise in interest rates: "Even the stock market seems (to have) latched onto the idea that inflation is . . . bad for equities."

Research results going back at least a decade show that stock markets throughout the industrialised world latched onto this particular idea as long ago as the 1960s. The question is: why?

Some suggestions are: failure to distinguish between (high) nominal and real interest rates; negative correlation between levels of economic activity and inflation; and negative correlation between levels of activity and the public sector borrowing requirement (PSBR).

Laurence Copeland
University of Manchester Institute of Science and Technology,
PO Box 88,
Manchester

The right kind of cricketer

From Mr M.P. Murray.

Sir, I greatly enjoyed Teresa McLean's article (June 4), but she is wide of the mark on one point.

Clive Radley has been a loyal servant of the Middlesex County Cricket Club for over 25 years. I am not sure on whose authority she described him as "painfully pedestrian and a suffocating influence," but the County's view has been to give Clive Radley greater responsibility for developing the youth in the Second XI.

In these days, when high profile cricketers are very much the news, it has always been refreshing to talk to Clive Radley. His modest, unassuming role, coupled with his outstanding success as a professional cricketer, sets a fine example for today's youth.

I am confident about the future in Clive Radley's hands. Teresa McLean's words were misleading.

M.P. Murray,
Middlesex County Cricket Club,
Lord's Cricket Ground, NW8

Code called into doubt

From Mr William Cookson.

Sir, Anthony Curtis, in his review of Humphrey Carpenter's biography of Ezra Pound (June 4), is wrong in stating that "usurers" was "Pound's habitual code word for Jews."

I quote from Pound's American Notes, November 21 1935 (in Ezra Pound: Selected Prose 1909-1965, published by Faber in 1973):

"Usurers have no race. How long the whole Jewish people is to be sacrificial goat for the usurer, I know not . . .

"It cannot be too clearly known that no man can take usury and observe the law of the Hebrews. The Jew usurer being an outlaw runs against his own people . . .

"All hostilities are grist to the usurer, all racial hates wear down sales resistance on cannon."

William Cookson,
Agenda,
5 Cranbourne Court,
Albert Bridge Road, SW11

UK price was 4 times higher

From Mr Lionel P. Clyne.

Sir, During a visit to England my wife developed a herpes zoster infection (shingles). For this condition a physician prescribed a course of acyclovir which is marketed in both the UK and the US by the Wellcome Foundation under the trade name "Zovirax." The cost for this prescription was £215.00 ($406.35).

Upon returning to the US my wife's own doctor prescribed the same quantity of the same drug. The cost was $96.00.

The price difference was not in any way attributable to the pharmacist's profit, as we were informed of the wholesale price of this drug in the UK. Can a Wellcome Foundation representative explain to me why a UK drug company charges over four times the price for a product in England as it does in the US?

Lionel P. Clyne,
Yale New Haven Hospital,
Connecticut, USA

Development kept on the rails

From Mr R.T.D. Wilmot.

Sir, Mr Palumbo's comment (Letters, June 8) that sites in the heart of the City do not grow on trees is incontrovertible. But they do grow on railway lines, as the nearby Cannon Street Station plans demonstrate.

One reason why local opinion has moved so dramatically against Mr Palumbo's plans is recognition of the wisdom of new development on uncontroversial sites – thus relieving pressure to demolish attractive buildings.

R.T.D. Wilmot,
12 Kylestrome House,
Cundy Street, SW1

'Without us there would be no British Telecom'

From Professor Michael D. Stephens.

Sir, The running of British Telecom makes the Italian Army's invasion of Greece in 1940 look like breath-taking efficiency.

On my bank's advice I instructed British Telecom to reduce my monthly payments from £100 to £50. In case you think I added complications to this simple request, I should state that I wrote my short letter in English, not Navaho, and sent it within Nottingham by first class mail so the Post Office could use human labour rather than the one-winged, mentally confused pigeon favoured for second class deliveries.

After five weeks away over the Easter period I returned to Nottingham to find a bill for £300.33 awaiting me. My enquiries resulted in the information that that my £50 per month had not been gracing British Telecom's coffers. Blame was firmly – and quite unconvincingly – placed on my bank.

The £300 was demanded with menaces, at which point I turned nasty, and it was agreed that I would once more pay £100 per mouth. The relevant form was sent to me the next day and I returned it duly completed on the same day. More than a week later I returned from a meeting in London to find a red reminder and final notice in my mail.

Someone should explain to British Telecom's management that the phrase "more successful capitalism" does not just mean screwing the consumers for maximum profits. They are there for our convenience. Without us there would be no British Telecom. (I should perhaps withdraw this paragraph, as it may be too complex an idea for BT management.)

Michael Stephens,
32 Thackeray's Lane,
Woodthorpe,
Nottingham

Ex uno disce omnes

From Mr A.S. Lane.

Sir, On March 25 1988 my bank manager wrote: "I am pleased to confirm that a £20,000 overdraft facility has been marked on your account, for one year until March 21 1989."

On May 24 1988 he wrote to say that I was "£7,995 overdrawn. The overdraft facility of £10,000 *(sic)* has now expired . . ."

Par for the course? Or just for innocent amusement (the bank's or mine)?

A.S. Lane,
19 Grosvenor Road,
Petts Wood,
Orpington, Kent

Parables could be applied at the individual, community, national and world levels

From Mr Alan J. Mayne.

Sir, John Lloyd's Lombard article (May 26) rightly states our urgent need for a new ethic of decency and fairness which will be acceptable to hard working people.

Such an ethic could be developed by applying the parable of the talents and the parable of the Good Samaritan to the present human situation. They could and should be applied at the individual, community, national and world levels. They show clearly the need for social and public as well as individual and private responsibilities.

The parable of the talents implies the obligation of each citizen of able body and mind to use his (or her) abilities and skills to work for the welfare of the community in which he or she lives, and for the benefit of mankind and the planet as a whole. At the same time it implies a public obligation to provide each citizen with adequate opportunities, training and equipment for those forms of constructive work that give the best scope for the development and use of individual talents.

The parable of the Good Samaritan states the obligation on all of us, both individually and collectively, to provide genuine support for those who have undergone misfortune, to help them reach a situation where they can again contribute. It should be applied especially to those who are at present unable to work because they are suffering from illness, disability or some other mishap. One of its consequences is that *each* person should be given at least minimum provision of the basic necessities of life – and that those genuinely unable to work should be given much more.

The present British Government has largely neglected or failed to fulfil those of its responsibilities and obligations that follow from these two parables. It has not provided most of the underprivileged people in this country with a decent standard of living, nor the facilities which would enable them to contribute their abilities and skills for the good of all.

Neither has it sufficiently helped the impoverished people of the world to help themselves towards a better life. It has shown little compassion, and little vision, in response to these needs. It has not realised that the best way of creating most wealth (in its widest sense) is to ensure as far as possible that all people's talents are used.

I would re-word John Lloyd's Lombard article (June 3) quotation from Faith in the City, by saying: "Poverty and inadequate opportunity to apply one's talents for the good of all both feel like unfreedom and are unfreedom. The fact that *others* live in poverty and have inadequate scope for their talents feels like injustice and is injustice."

Alan Mayne,
29 Fairford Crescent,
Downhead Park,
Milton Keynes, Buckinghamshire

NESTLE OUTLINES PLANS TO MAINTAIN LEADING POSITION IN THE WORLD FOOD BUSINESS

Rowntree has 'important role to play'

BY PAUL BETTS IN PARIS

Rowntree, the UK chocolate confectionery company, would provide an important base for the future international development of Nestlé's chocolate and confectionery business, Mr Helmut Maucher, the managing director of the Swiss multinational food group, said in Paris yesterday.

Nestlé, which has made a hostile £2.1bn bid for Rowntree, is widely expected to sweeten its offer to top the £2.3bn rival bid for the UK company by Jacobs Suchard, the Swiss chocolate group.

Mr Maucher used an address to the Management Centre Europe to spell out the broad lines of Nestlé's strategy designed to maintain the Swiss multinational as the leader in the world food business.

He said the food and beverage business was Nestlé's 'absolute priority' and the company intended 'to do everything we can to maintain its number one position and continue to expand it.'

He indicated that Nestlé planned to pursue its expansion through both internal growth and acquisitions. But he emphasised that Nestlé's approach to acquisitions was not dictated purely by financial considerations, but were designed to strengthen the group's industrial and commercial operations, as well as bringing new products to Nestlé.

This had been the case of the Swiss group's $3bn acquisition of Carnation, the US pet food concern.

Mr Maucher said Rowntree would 'fit perfectly' in Nestlé's long-term strategy and its efforts to strengthen its chocolate and confectionery business, which accounted for only SFr2.8bn of the group's SFr35.2bn sales last year.

Nestlé has already reinforced its presence in the chocolate market through its recent friendly acquisition from Mr Carlo de Benedetti of Buitoni, the Italian food group. Buitoni has strengthened Nestlé's chocolate business through its Perugina subsidiary.

The Italian acquisition will also substantially increase Nestlé's presence in Italy where the Swiss group had, until now, been under represented, Mr Maucher said.

Helmut Maucher, Nestlé's managing director, spells out his group's strategy to a Paris audience.

"The Buitoni-Perugina deal has strengthened our strategic position in Europe in view of 1992," he added.

Until now, Nestlé had been very discreet on the Buitoni takeover because of the controversy the original L1,600bn deal sparked in France. Minority shareholders of Buitoni's French subsidiary complained that their interests had been ignored, and finally won a higher price and better terms.

Mr Maucher said he saw many opportunities for growth with Italian food since Italian cuisine was becoming increasingly popular around the world. He said that between 50-60 per cent of the group's Stouffer restaurant business in the US had in one way or other 'an Italian aspect'.

Mr Maucher also confirmed that Nestlé regarded pharmaceuticals and health care, which currently accounts for less than SFr1bn of annual turnover, as an important part of the group's future growth strategy. Nestlé owns a major stake in L'Oreal, the leading French cosmetics group.

He said Nestlé had also started discussing the gradual changes in the group's European operations as a result of the unified European market in four years time.

This was likely to entail some changes in Nestlé's European factory structure, some re-allocation of production and other rationalisations to adapt the group to the new single European market environment.

Tribble Harris founder quits board

By Clare Pearson

Mr Joseph Harris has resigned his directorship of Tribble Harris Li, the US firm of architects with a USM quote which disappointed the market recently with its profits.

Mr Harris, who was one of the founders of the company in 1973, had been in London since the company joined the USM eighteen months ago, and took charge of Covell Matthews Wheatley, the UK architects, after it was bought last October.

"Mr Harris found that working for a public company and being in the architectural business were two things he did not want to do", the company said yesterday.

In April Tribble Harris Li announced pre-tax profits of $1.49m on turnover of $18.07m. The company warned prior to the release of the figures that costs of acquisition had not been fully compensated by earnings. Some analysts had expected $2.5m. The UK acquisition, its biggest purchase, cost £3.5m.

Under Mr Harris' service agreement, his holding of 2.8m shares – more than 15 per cent of the share capital – will be repurchased by the company at 25 per cent of the average market price in the six months before the sale.

The company will repay Mr Harris, who is in his late forties, over a 10-year period by issue of a variable rate $2.11m promissory note.

BAT claims victory but Farmers raises point of order

BY PHILIP COGGAN

BOTH sides in the $4.5bn BAT/Farmers bid battle have claimed victory after a vote by stockholders on a resolution that the directors of the US insurance company reconsider their previous refusal to negotiate with the UK tobacco and insurance group.

The vote in favour of the resolution was 27.8m shares; 26.8m voted against. On that basis, BATUS, the US arm of BAT, claims victory. But Farmers points to a by-law in its Articles which states that a majority of shareholders must approve such a resolution: since 2.38m shares abstained, that majority was not achieved.

In a statement, Mr Patrick Sheehy, chairman of BATUS, described the Farmers' by-law as an 'irrelevant technicality'.

The bid has rumbled on for around six months and needs regulatory approval in all nine states in which Farmers operates. Arizona has given its approval, but the key decision is expected next Friday, when the Californian insurance commissioner will decide whether the bid can proceed. California is Farmers' home state.

Patrick Sheehy, chairman of BATUS.

● BAT yesterday announced the appointment of a new finance director, Mr Martin Broughton, formerly the finance director of the group's subsidiary, Eagle Star. Mr Stephen Melcher, who was general manager of non-marine insurance broking at C T Bowring, will replace Mr Broughton as Eagle Star's finance director.

Business Mortgages reduces loss

By Peter Pearse

A SECOND half recovery enabled Business Mortgages Trust, Plymouth-based commercial mortgage company, to pull back from an interim loss before tax of £4.32m to one of £3.92m for the full year ended March 31. This however compares with pre-tax profits of £1.47m achieved in the previous full year.

The first half's £5.27m provision for bad and doubtful debts, which caused the fall into losses, was reduced in the final results to £5.05m (£1.74m). Included in this was a charge for general provision of £1.3m (£100,000), reduced from £1.5m.

Mr Andrew Davison, chairman, said yesterday that the result for the year was disappointing. But he added he was confident that after a prolonged and costly period of investigation, diagnosis and rectification the loan portfolio was now properly provided against and was improving in quality.

Mr Davison said that six directors had left since publication of the last set of accounts and that the board had now been strengthened by Mr Paul Lockyear and Mr Rob Challis from Citibank and Mr Tony Laws from Manufacturers Hanover Trust.

Personnel at the company had been cut, said Mr Davison, from 83 in March 1987 to the present 33. The London office was being upgraded and overheads were being reduced.

Mr Davidson said that Bolton House Investments, a holding and investment company which had taken a 14.71 per cent stake in BMT, did not intend at the present to increase that stake.

BMT's operating profit for the year fell to £12.31m (£14.3m) and though interest payable declined to £6.82m (£8.28m), administration and other expenses rose to £4.35m (£2.81m). Tax was much the same at £569,000 (£594,000), while losses per share came out at 24p (earnings 4.6p).

As forecast at the interim stage, there is no dividend (2p).

Runciman urges holders to reject Telfos' offer

BY FIONA THOMPSON

Walter Runciman, the shipping, insurance and security products group, yesterday rejected a hostile takeover bid by Telfos Holdings, the diversified engineering company.

Telfos launched the shares and cash bid on Wednesday, valuing Runciman at £28.9m. Late last month Telfos increased its holding in Runciman from 4.9 per cent to 24.58 per cent by a series of purchases.

The Runciman board met yesterday and issued a press statement saying the "unsolicited and unwelcome offer is wholly inadequate and should be rejected". The board is being advised by Lazard Brothers.

Mr Garry Runciman, chairman of Runciman, said last night that Telfos' bid was "a piece of blatant opportunism. We are moving from recovery to strong and sustained organic growth. They are attempting to come in cheap before the full potential has been realised. I can't see that they have anything to offer us."

About one third of Runciman's shares are held by interests with close connections to the company, including family and directors.

Mr Joe Malins, Telfos chief executive, said last night: "Our financial advisers met Lazard today to ask Runciman to come and see us on a friendly basis. The press statement was the only reply."

For every two Runciman shares, Telfos is offering a unit comprising three ordinary shares, one new 9 per cent cumulative redeemable preference share and 20p in cash. The offer values Runciman shares at 329p, against its closing price of 337p. There is a cash alternative of 300p.

BMP up to £6.8m in spite of two weaker quarters

Boase Massimi Pollitt, the UK advertising and marketing services company, yesterday announced pre-tax profits ahead to £6.76m for the 15 months ended March 31, compared with £5.09m for the 12 months to end December 1986. This accompanied the announcement of the merger with Davidson Pearce Group, a fellow quoted advertising and marketing services company.

The merger values DPG at £33.1m and represents a premium of 18 per cent over the DPG ordinary share price.

Mr Martin Boase, chairman, said that the period had been a successful and satisfactory one for the group, with substantial progress being made in the UK and in the US.

However he added that the 15 month results suffered from the inclusion of two January to March quarters, during which the group has historically incurred losses due to the relatively low level of client income in those months. Group turnover in the period doubled to £224.96m compared with £97.27m for the year.

According to Mr Boase, the major part of the growth in turnover had come from Ammirati & Puris, the New York advertising agency acquired by BMP last June. He said that excellent billings growth had been achieved by The Boase Massimi Pollitt Partnership and in marketing services, where the acquisition of Specialist Publications added promotional publishing skills to BMP's Marketing Solutions Group.

BMP's operating income was £41.08m (£18.92m). Earnings per 12.5p share rose to 20.08p, compared with 18.92p for 1986. A final dividend of 6.75p (4p) raises the total for the period to 9p (5.75p).

Hanson to meet analysts and fund managers

By Philip Coggan

Hanson, the industrial conglomerate, is holding a semi-open house on Monday, when it holds court to around 100 analysts and fund managers at the Whitbread brewery in Chiswell Street.

Like the meeting with US analysts in January, the press are not invited. But it is possible to get an idea of the agenda of the all-day briefing.

After opening addresses from Lord Hanson, Sir Gordon White and the recently appointed deputy chairman, Mr Martin Taylor, the assembly will be briefed by executives from the key operating subsidaries like Kaiser Cement and Imperial Tobacco.

"We're hoping to see that there is some decent management in the group apart from Hanson and White" said one analyst "we've heard about them but it will be nice to meet them in the flesh".

Hanson has been out of stock market favour recently because of a general perception that the acquisitive conglomerate is now too big to grow at a substantial rate. The meeting with US investors was part of an attempt to improve the group's image but it did cause resentment among some UK analysts who felt themselves excluded.

Monday's meeting should help repair any injured feelings, but the chosen lunchtime speaker is a curious selection for a company committed to doing "rather well over there". It is the US politician Walter Mondale, whose campaign for the Presidency was defeated in one of the biggest ever landslides in 1984.

Minister refers water authorities to the courts

BY ANDREW HILL

ONLY THE courts can decide whether water authorities are allowed to invest in statutory water companies, according to Mr Nicholas Ridley, the Secretary of State for the Environment.

At a meeting last week, the Water Companies' Association, which represents 28 of the UK's 29 private sector water companies, complained to Mr Ridley that to let water authorities invest in water companies might work against the public interest.

Northumbrian Water recently confirmed it had bought small holdings in two water companies working alongside it in north-east England – Newcastle and Gateshead, and Sunderland and South Shields – to stimulate co-operation.

Mr Ridley said he could not interpret the rights of the water authorities. He said he had no power to intervene in share dealing in private companies, but was keeping a close watch on the situation.

Mr Roy Pepper, general manager of Sunderland and South Shields Water Company, said Mr Ridley had not clarified the situation at all. The company is arguing that Northumbrian Water does not have the power to buy a stake and says the transfer of the shares to the authority cannot be registered.

Plans for the privatisation of the 10 regional water authorities have stimulated investors' interest in the much smaller water companies. In particular, some of the big French water suppliers have been building large holdings.

Mid Kent Water prepares issue but with restrictions

Mid Kent Water Company is planning an issue of ordinary stock, which could represent more than 60 per cent of its enlarged voting capital, writes Andrew Hill.

However, in the light of recent stake-building in statutory water companies, Mid Kent is to prevent investors acquiring more than 30 per cent of the voting rights and mounting a full bid. Counsel has advised the company that the restrictions are within the law.

If successful, the offer would also have the effect of diluting Morgan Grenfell's 50.2 per cent holding in Mid Kent to below 20 per cent. The Takeover Panel ruled last month that the merchant bank should take its stake down to less than 30 per cent.

Morgan Grenfell had invited bids for its shares and a number of French water suppliers – heavy investors in the UK's 29 statutory water companies recently – were thought to have expressed an interest in the stake.

Mid Kent plans to offer £16m of 6 per cent ordinary stock for sale by tender. This will raise a maximum of £19m to help fund a £48m five-year capital expenditure programme.

Jarvis Porter shows 25% advance to £3m

BY CLARE PEARSON

PRE-TAX PROFITS of Jarvis Porter Group, the label and packaging printer, came out 25 per cent higher at £3m against £2.4m for the year to end-February on turnover up from £24.88m to £33.70m.

The improvement came despite a disruptive change in ordering patterns for conventional labels as customers adopted the "just in time" purchasing philosophy, and very competitive market conditions in flexible packaging.

Mr Paul Jarvis, chairman, said that the company would, within the next few days, announce a cash acquisition, worth about £2m, in the "product identification" field in the UK. He hopes soon to make a larger purchase to obtain a European manufacturing base.

The greatest profits growth was seen in the self-adhesive labelling operations where Jarvis Porter is focussing its capital investment. Since the year-end the company has spent about £1m on installing computer-aided design equipment and additional printing capacity.

The figures include a ten-month contribution from R B Macmillan, the Derby-based beer and soft drinks labeller. Mr Jarvis said the company, which rationalised its self-adhesive labelling operation during the year, made a small contribution to group profits following losses in previous years.

Meanwhile, the company aims to limit its exposure to the lower margin end of the flexible packaging business, which is now fiercely competitive, by cutting back from a treble to a double daily shift at its plant. The estimated cost of this change is believed to be around £80,000.

New solventless lamination equipment is to be installed to cater for the crisp and snack food market where packaging has become increasingly sophisticated.

The conventional labels side was disrupted last year as orders tended to become smaller, but more frequent, with shorter lead times. This year Jarvis Porter is spending £1m on new machinery, more suited to the new demand pattern. It will start to install it this month.

The Mono-Web labelling operation, which Jarvis Porter runs under license from Waddington, ceased to be treated as an exceptional item at the end of the first quarter. It is still a cost to Jarvis although it has made its first sale.

After tax of £1.05m (£816,000) earnings per share were 11.7p (9.6p). The final dividend is 2.6p (2.3p) making 4p (3.6p) for the year.

● comment

These figures were seen as highly respectable. On a large increase in sales, Jarvis Porter managed to improve margins by about ⅔ percentage point to over 10 per cent on its underlying businesses, once the £3.7m worth of turnover from R B Macmillan is stripped out. Future organic growth is underpinned by Jarvis' continued substantial capital investment; meanwhile its balance sheet is strong enough to sustain a number of smaller acquisitions. The Mono-Web operation provides promise too, although switching to the new system is a big decision for purchasers, so it cannot become a major profits earner overnight. Jarvis should make about £3.7m pre-tax profits this year, putting the shares on a prospective p/e of about 9: fair value.

Gordon Russell buys Harvey

BY CLARE PEARSON

Gordon Russell, office furniture manufacturer, is increasing its issued share capital by about 36 per cent with the £9.5m acquisition of G A Harvey, which will take it into the metal-based units market for the first time.

The addition of Harvey will add metal storage, desking and filing products to GR's existing range. "We will now be able to run the full gamut from the mail-room to tha boardroom table," said Mr Chester Wedgewood, GR managing director.

The purchase will be financed by a placing, with a clawback for existing shareholders, which will substantially dilute the directors' holding from about 65 to less than 50 per cent.

Tha shares closed unchanged at 290p.

About 3.58m new ordinary shares are being placed by County NatWest at 265p. They will be offered to existing holders on the basis of 37 new for 100 held. Directors have undertaken not to apply for more than the 11.65m they have already agreed to accept.

Similar undertakings from Giroflex Holdings, the Swiss company whose Giroflex chair GR makes under licence, mean its stake will fall from 7 to 5 per cent.

The vendor is the UK arm of Krug International, the US industrial conglomerate. In the year to end-March, Harvey made pre-tax profits of £345,000 on turnover of £6.93m. The exit p/e is 13.7.

GR, which came to the market in 1986, made £2.62m pre-tax on £24.4m turnover in the year to end-December.

Silvermines to pay $27m for US tools group

By Fiona Thompson

Silvermines, Dublin-based investment, property, venture capital and natural resources group, is to acquire the National Broach & Machine Company of Mount Clemens, Michigan, for a phased cash consideration of US$27m (£15m).

National Broach holds 80 per cent of the US market for gear finishing tools. These tools make gears for a variety of machines including cars and aircraft. The acquisition will give Silvermines a strong presence in the US market.

Silvermines is to pay £6.6m on completion, with three subsequent phased payments of £2.7m on an annual basis over each of the following three years.

Harmony makes 47% advance

Harmony Leisure Group, USM-quoted public house operator, achieved a 47 per cent increase in pre-tax profits to £382,000 in the year to end-March 1988 against £260,000 for the previous 15 months. Turnover was up from £5.05m to £6.19m.

Earnings per 5p share were 1.52p (1.24p) and a dividend of 0.14p (0.1p) is proposed.

Current trading indicated another year of growth, Mr Stanley Lever, the chairman, said.

The company, which spent n total of £8.55m on new premises and refurbishment during the year, would continue to make acquisitions, he added.

Thomson T-Line in US electronics buy

Thomson T-Line, the fast growing mini-conglomerate, has conditionally agreed to pay $14.23m (£7.87m) in shares for Telpar, a privately-owned US electronics company in which Thomson's joint chairmen have an indirect stake of about 30 per cent.

The main activity of Dallas-based Telpar is the customisation and distribution of mini-printers. Profit before tax in 1987 was $1.22m on turnover of $5.34m. Thomson said its electronics activities were complementary to those of Telpar and the acquisition would give it a US trading base.

In view of the directors' involvement in Telpar, the deal is subject to the approval of Thomson shareholders.

Appletree 15% up at £0.86m

Appletree Holdings, Northamptonshire-based snack food and fresh produce group, lifted pre-tax profits by 15 per cent from £747,000 to £859,000 in the 26 weeks to April 3 1988.

Turnover rose by 65 per cent to £34.34m (£20.85m).

The results include, on a merger accounting basis, a four-month contribution from Kildare Group, the Irish beef processor Appletree bought last November. Its profits were in line with expectations.

An interim dividend of 1.1p (1p) is declared, payable from earnings per 10p share of 4.49p (4.42p). The tax charge fell from £220,000 to £72,000.

Mr David C Johnson, chairman, said that in the snack foods division the benefits of an industry price increase and a stronger customer and product base gave encouragement for a better second half. In the fresh produce division the integration of A Phillips (Direct Sales), was completed, he said.

The directors continued to seek opportunities to expand the group, and there was an extraordinary £41,000 charge relating to abortive acquisition costs.

Maunders shares rise

Shares in John Maunders, the housebuilder, rose 6p yesterday, to close at 102p, on news that Redrow Homes held a 5.58 per cent stake in the business.

GPA rises 49% and sees further growth

BY KIERAN COOKE IN DUBLIN

GPA Group, formerly Guinness Peat Aviation, the aircraft leasing company based at Shannon in the Irish Republic, announced after-tax profits 49 per cent ahead to US$101.3m (£55.6m) for the year ending March 1988. That was more than four times the profit margin of four years ago.

GPA is one of Ireland's great success stories. Founded in 1975 by Dr Tony Ryan, its chairman and chief executive, with capital of only $50,000, GPA has grown into the largest aircraft leasing company in the world. It now has a portfolio of 115 aircraft valued at more than $2bn, which it leases to 42 carriers in 25 countries around the world. Dr Ryan says GPA is taking delivery of a plane virtually every week, has placed orders for 224 new aircraft and has options on a further 110.

The company predicts a continuing rise in passenger traffic, with Europe featuring as the big leasing growth area.

GPA, which is a privately-held company, describes itself as a financial services organisation. Last year it raised a $1.5bn syndicated loan for the purchase of 70 Boeing 737s. GPA has since asked the 11 underwriting banks that this be increased to $2bn. In April the company also raised $183m in new equity.

Major shareholders include Air Canada, Aer Lingus, the Mitsubishi Corporation and the Long Term Credit Bank of Japan. In recent weeks GPA has entered into two new joint ventures. It has signed agreements with British Airways and McDonnell Douglas to lease the new new MD-11 aircraft, and yesterday announced a joint venture with CFM International of tha US (which combines GE of the US and Snecma of France) for servicing aircraft engines.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Appletree	int	1.1†	Aug 31	1	-	3
Boase Massimi	fin	6.75†	Aug 13	4	9☆	5.75
Harmony Leisure§	fin	0.14†	Aug 5	0.1	0.14	0.1☆
Hicking Pent	fin	0.5	-	nil	0.5	nil
Hille Ergonom §	fin	1.5	Aug 15	1.3	2.2	2
Jarvis Porter	fin	2.6	-	2.3	4	3.6
Somic	fin	2.25	-	1.5	3	2
Unilock Hldgs	fin	1.2	-	1.2	2.2	2.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆For 15 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
150	F.P.	8/7	160½	153	ASW Hldgs. 25p	160	-½	W7.3	2.5	6.1	8.8
§280	F.P.	-	280	280	Anglesey Mining Units 9p	280		-	-	-	-
-	F.P.	-	2½	1¼	*Barbican Hldgs. 1p	1½	-¼	-	-	-	-
330	120	-	80	64	British Petroleum	72½	+2½	R12.5	1.5	5.9	14.1
†	F.P.	-	155	143	Carlo 5p	146		4.6	2.7	4.2	9.9
§80	F.P.	-	100	80	‡Central Motor Auctions	96	-2	u2.5	2.0	3.53	14.1
-	F.P.	-	18	4	Culless Hldgs. Wrrnts	15		-	-	-	-
§165	F.P.	-	178	165	‡Domestic & Gen. Grp 10p	176		R6.2	1.8	4.7	12.5
§165	F.P.	1/7	181	178	‡Everest Foods 10p	180		R5.5	3.0	4.1	11.1
100	F.P.	-	99	96	Govett Am. Endeavour Fd.	97	+1	-	-	-	-
†	F.P.	-	105	90	Guinness Mahon Hldgs. 10p	101	+1	-	-	-	-
§100	F.P.	8/7	110	100	‡HPC Group 12½p	108	-2	W3.3	2.2	4.1	12.1
§125	F.P.	18/5	150	125	‡Handley-Walker 5p	148		u3.3	2.4	3.0	16.3
§65	F.P.	-	73	64	‡Harding Group 10p	66		u2.5	2.2	5.1	11.1
§150	F.P.	7/7	160	150	Herring Son & Daw Hldgs	152	-1	L2.5	3.3	2.2	18.7
140	F.P.	10/6	149	140	‡Holders Technology 10p	148		u6.0	2.0	5.4	12.2
§64	F.P.	20/4	80	64	‡Hughes (H.T.) 10p	79		u2.25	2.1	3.8	14.6
§125	F.P.	1/7	125	119	Impact Intl. 10p	124		L4.0	3.1	4.3	9.9
-	F.P.	-	57	40	Marlesale "S"	48		-	-	-	-
§110	F.P.	20/5	126	118	‡Micrelec Group 5p	121	+1	R2.9	3.0	3.2	13.7
-	F.P.	-	14	5	Octonics Group Wrrnts	14	+2	-	-	-	-
§175	F.P.	27/5	203	175	P&P 10p	198		L2.62	5.0	1.8	15.1
†	F.P.	-	63	50	Page (Michael) Group 2p	51	+1	W1.3	3.2	3.5	12.7
165	F.P.	27/7	193	172	Prowting 20p	177		W4.25	3.5	3.2	12.2
§195	F.P.	-	236	198	Rechem Envntl. Servs.	236	+1	u4.5	2.5	2.6	20.9
§130	F.P.	1/7	140	133	‡Sanderson Electronics 5p	133		R3.9	2.8	3.9	12.2
§21	F.P.	-	26	22½	*Scott Pickford 10p	25½		3.1	0.7	1.6	13.2
§230	F.P.	3/6	240	230	Serco Group 2p	238	+2	R7.8	3.2	3.9	10.9
§95	F.P.	22/6	95	89	‡Shani Group 10p	89		R3.4	2.7	5.1	9.2
§105	F.P.	-	119	114	Shaw (Arthur) 10p	114		13.3	2.8	3.9	12.4
§18	F.P.	-	985	945	Sotheby's Hldgs. Class A	985		[illegible]	6.2	1.4	11.7
†	F.P.	-	178	173	‡Southnews 5p	178		L4.2	3.3	3.2	10.7
†	F.P.	-	£24½	£22¾	Texas Instruments $1	£26¼	+1¼	Q50.72	-	1.6	-
125	F.P.	1/7	134	128	Thorntons	130		R2.1	3.7	2.0	18.9
§85	F.P.	-	86	81	‡Total Systems 5p	81		R2.3	2.2	4.1	15.1
§140	F.P.	-	146	136	Waterman Partnership 10p	137		R4.5	3.0	4.4	10.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	142½	129½	A & M Group 10pc Cv. Un. Ln. 1996	142½	
§100	F.P.	-	107p	103p	BBA Group 6.75pc Cm. Rd. Cv. Pf.	105p	
100	Nil	8/7	12pm	6pm	CLF Hldgs. 6.25p Net Cv. Cm. Rd. Pf.	7pm	
§94⅛	23.56	30/11	25¼	24⅛	Capital & Counties 9⅛pc 1st Mort. Db.	25¼	
100	35p	4/8	39½p	36p	Co-Op Bank 8.48pc Cum. Red. Prf. 201	39½p	
-	F.P.	-	107p	107p	Cooper (F.) 6.5p Cv Rd Prf 10p	107p	
§97.08	F.P.	2/9	97¾	96½	Enterprise Oil 10⅞pc Un. Ln 2013	97¼	
121p	F.P.	-	126	125	Granada Grp New 7.5p Net. Conv. Prf.	126	
§100	40	1/7	41½p	40p	LIT Hldgs 9.47pc Cm. Rd Pf. 1998-08	40p	
100	F.P.	1/7	95¼	94½	Lon. & Prov. Shop 10% 1st Mtg. Db.	94½	+¼
-	F.P.	-	100⅛	99⅝	N'wide Anglia 9⅛pc Bd. 8.5.89	99⅝	
-	F.P.	-	100	99¼	Do. 8⅞pc Bd. 30.5.89	99¼	
100	F.P.	-	105p	100p	Ratners 6.25p Cv. Cm. N/V Rd. Prf.	105p	+1
165	F.P.	-	112p	111p	Prowting 8.8pc Cm. Rd. Prf. 2002	111p	
§100	F.P.	-	109p	106p	‡Savage Group 6.5pc Cm. Rd. Cv. Pf.	108p	-1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
45	Nil	11/7	17pm	14pm	Bank of Wales	17pm	-1
165	Nil	14/6	27pm	14pm	*Beckenham Group Units	17pm	-1
125	Nil	15/7	30pm	10pm	Evart	11pm	
700	Nil	1/7	762pm	715pm	International Inc. Prop.	762pm	+12
110	Nil	-	7pm	3pm	Kwik-Fit Hldgs. 10p	7pm	
525	Nil	-	76pm	59pm	Monarch Resources 10p	60pm	
21	Nil	26/7	29pm	21pm	Telemetrix 5p	29pm	+1½

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. V Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. ¶ Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. § Unlisted securities market. ♠ Official London listing. ☐ Including warrant entitlement. * Third Market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of stocks per grouping)	THURSDAY JUNE 9 1988 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY JUNE 8 1988 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1988 High	1988 Low	Year ago (approx)
Australia (88)	144.27	-0.6	117.85	119.37	3.75	145.11	118.34	119.53	145.74	91.16	136.34
Austria (16)	87.67	-0.1	71.61	78.34	2.61	87.77	71.58	78.26	98.18	84.35	88.14
Belgium (63)	124.31	-0.1	101.54	110.98	4.54	124.41	101.45	110.76	139.89	99.14	118.22
Canada (125)	124.92	+0.3	101.72	110.16	3.08	124.09	101.19	109.85	125.49	107.06	126.76
Denmark (39)	131.83	+0.7	107.69	117.40	2.48	130.93	106.77	116.32	131.83	111.42	120.23
Finland (25)	138.34	+0.9	113.00	118.40	1.77	137.11	111.81	117.07	138.34	106.78	—
France (128)	99.61	+1.8	81.37	90.71	3.57	97.89	79.83	89.06	99.61	72.77	109.36
West Germany (99)	78.71	+2.3	64.29	70.36	2.64	76.96	62.76	68.76	80.79	67.78	92.17
Hong Kong (46)	106.20	+1.2	86.75	106.50	4.20	104.93	85.57	105.23	106.20	84.90	122.01
Ireland (18)	136.97	+0.6	111.88	124.15	3.82	136.10	110.99	123.09	136.97	104.60	128.84
Italy (102)	71.14	+1.1	58.11	67.96	2.95	70.38	57.39	67.04	81.74	62.99	99.67
Japan (456)	174.76	+1.4	142.75	138.31	0.52	172.43	140.61	136.52	177.27	133.61	161.25
Malaysia (36)	144.12	+0.0	117.73	142.79	2.55	144.14	117.54	143.03	144.14	107.83	170.15
Mexico (14)	165.75	+2.0	135.39	412.27	1.21	162.45	132.48	400.53	176.90	90.07	226.35
Netherland (38)	107.60	+1.8	87.89	94.80	4.88	105.68	86.18	93.02	110.66	95.23	118.18
New Zealand (26)	82.11	+1.2	67.07	62.39	5.85	81.13	66.16	61.64	82.11	64.42	97.41
Norway (25)	126.47	+1.9	103.31	107.59	2.80	124.11	101.21	105.37	132.23	98.55	139.65
Singapore (26)	119.63	+0.0	97.72	111.39	2.15	119.65	97.58	111.19	119.65	97.99	142.19
South Africa (60)	134.39	-0.5	109.78	86.72	5.06	135.12	110.19	87.84	139.07	118.16	164.24
Spain (42)	163.27	+0.2	133.37	140.76	3.07	162.92	132.86	140.02	163.27	130.73	114.25
Sweden (36)	124.20	+0.3	101.45	110.27	2.37	123.78	100.94	109.76	125.50	96.92	114.46
Switzerland (55)	81.08	+0.2	66.23	72.18	2.36	80.95	66.02	71.42	86.75	75.60	92.82
United Kingdom (327)	138.96	+0.6	113.51	113.51	4.30	138.18	112.68	112.68	141.18	123.09	150.60
USA (578)	110.04	-0.4	89.89	110.04	3.55	110.52	90.13	110.52	110.52	99.19	122.32
Europe (1013)	110.60	+1.0	90.34	95.20	3.74	109.53	89.32	94.10	110.71	97.01	120.89
Pacific Basin (673)	170.85	+1.3	139.56	136.16	0.71	168.69	137.56	134.47	172.26	130.81	158.77
Euro-Pacific (1686)	146.76	+1.2	119.88	119.87	1.65	145.04	118.28	118.41	147.53	120.36	143.65
North America (703)	110.81	-0.4	90.52	110.07	3.52	111.24	90.71	110.49	111.28	99.78	122.55
Europe Ex. UK (686)	92.99	+1.3	75.96	83.77	3.23	91.76	74.83	82.48	92.99	80.27	102.46
Pacific Ex. Japan (217)	123.79	+0.1	101.12	109.22	3.92	123.68	100.86	108.88	123.79	87.51	128.56
World Ex. US (1885)	145.89	+1.1	119.17	119.33	1.71	144.23	117.62	117.94	146.49	120.26	143.33
World Ex. UK (2136)	131.38	+0.7	107.31	116.38	2.08	130.53	106.44	115.62	131.38	113.77	133.61
World Ex. So. Af. (2403)	132.02	+0.7	107.84	116.31	2.27	131.16	106.96	115.52	132.02	113.26	134.92
World Ex. Japan (2007)	111.54	+0.1	91.11	104.75	3.63	111.41	90.86	104.56	111.54	100.00	122.69
The World Index (2463)	132.04	+0.6	107.85	116.10	2.29	131.19	106.99	115.34	132.04	113.37	135.11

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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Latest prices were unavailable for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,600	General Accident	738	Prudential	2,700
Allied-Lyons	701	General Elect.	2,700	Racal	5,300
Amstrad	1,800	Glaxo	591	Rank Org.	289
Argyll Group	2,000	Globe Investment	275	RMC	170
Assoc. Brit. Foods	14	Granada	265	RHM	130
BAA	5,500	Grand Met	1,000	Reckitt & Colman	158
BAT	1,300	GUS "A"	379	Redland	1,000
BET	649	Guardian R.E.	653	Reed Intl.	2,000
BICC	179	GKN	140	Reuters "B"	354
BOC	529	Guinness	1,000	RTZ	841
BPB Inds	457	Hammerson	425	Rolls-Royce	1,600
BTR	874	Hanson	4,400	Rothmans "B"	39
Barclays	1,600	Hawker Siddeley	264	Rowntree	352
Bass	822	Hillsdown Holdings	581	Ryl Bank Scotland	908
Beecham	1,600	IMI	309	Royal Insurance	1,300
Blue Arrow	11,000	ICI	570	STC	4,300
Blue Circle	307	Inchcape	626	Saatchi & Saatchi	2,900
Boots	6,300	Jaguar	3,100	Sainsbury	1,000
Brit. Airways	4,000	Ladbroke	726	Scott & Newcastle	1,400
Brit. Aerospace	995	Land Securities	814	Sears	4,000
Brit. & Comm.	2,500	Laporte	126	Shell Transport	387
British Gas	6,400	Legal & General	3,600	Smith & Nephew	2,100
BP	5,800	Lloyds Bank	3,700	Standard Chartered	170
Brit. Telecom	3,800	LASMO	1,900	Storehouse	653
Burmah Oil	520	Lonrho	1,300	Sun Alliance	614
Burton	472	Lucas	20	T & N	131
Cable & Wireless	1,800	MEPC	368	TSB	1,400
Cadbury Schweppes	2,100	Marks & Spencer	1,400	Tarmac	885
Coats Viyella	864	Maxwell Comm.	88	Tesco	1,200
Commercial Union	2,800	Metal Box	3,900	THORN EMI	993
Cons. Gold	451	Midland Bank	759	Trafalgar House	916
Cookson	357	NatWest Bank	2,300	Trusthouse Forte	6,800
Courtaulds	2,200	Next	2,400	Ultramar	1,200
Dalgety	207	Northern Foods	1,100	Unilever	257
Dee Corporation	272	Pearson	65	United Biscuits	1,300
Dixons	4,300	Pearl Group	883	Wellcome	1,300
English China Clays	127	P & O	505	Whitbread "A"	1,400
Enterprise Oil	961	Pilkington	3,000	Williams Holdings	4,100
FKI Babcock	962	Plessey	377	Wimpey	1,600
Fisons	2,400			Woolworth	660

EUROPEAN OPTIONS EXCHANGE

Series		Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Feb. 89 Vol	Feb. 89 Last	Stock
GOLD C	$ 480	80	6	9	14.50	—	—	$ 458.40
GOLD P	$ 440	—	—	10	6	—	—	$ 458.40
GOLD P	$ 460	54	8.50	—	—	—	—	$ 458.40
		Jan. 88		Jul. 88		Aug. 88		
EOE Index C	Fl. 185	60	32 A	—	—	—	—	Fl. 216.68
EOE Index C	Fl. 200	26	17 A	—	—	—	—	Fl. 216.68
EOE Index C	Fl. 205	188	11.30	28	14 B	3	15.50 B	Fl. 216.68
EOE Index C	Fl. 210	224	7 A	54	10	9	12.20	Fl. 216.68

TOTAL VOLUME IN CONTRACTS: 30,744

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

West German Banking, Finance & Investment

The Financial Times proposes to publish this survey on:

12th July

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ECONOMIC DIARY

TODAY: OPEC meeting in Vienna.

TOMORROW: International Publishers Association Congress at Queen Elizabeth II Conference Centre, London (until June 17). Business to Business Exhibition opens, London. Second round of voting in French general election.

MONDAY: Financial Times holds "World Gold" conference in Vienna (until June 14). Food facts (first quarter). Retail sales (May-provisional). Producer price index numbers (May-provisional). European Parliament in session in Strasbourg (until June 17). EC Economic and Finance Ministers meet to discuss liberalising finance market, Luxembourg. EC Foreign Ministers start two-day meeting in Luxembourg to prepare for the summit. EC Agriculture Ministers start two-day meeting in Luxembourg for continuing negotiations on reforms. Two-day EC meeting starts in Luxembourg on political co-operation. Union of Democratic Mine Workers annual conference opens, Weymouth (until June 15). National and Local Government Officers Association annual conference opens, Brighton (until June 18). Health and Safety Executive report on fatal accidents in the construction industry. Annual two-day conference of Atlantic council on East-West relations, Washington.

TUESDAY: Institute of Housing conference, Harrogate (until June 17).

WEDNESDAY: International banking statistics (first quarter). Chartered Accountants banking conference, London.

THURSDAY: UK balance of payments (first quarter). Public sector borrowing requirement (May). Capital expenditure by the manufacturing and service industries (first quarter revised). Provisional figures of vehicle production (May). Labour market statistics: unemployment and vacancies (May-provisional); average earnings indices (April-provisional); employment, hours and productivity and unit wage costs; industrial disputes. Bundesbank Council meeting. British Gas annual results. Mr Peter Bottomley speaks at launch of research projects into road user behaviour. EC Environment Ministers meet, Luxembourg. European Parliament meeting in Luxembourg debates prospects for agreement with COMECON Countries and other parts of Eastern Europe.

FRIDAY: Index of output of the production industries (April). Building societies monthly (May). Tax and price index (May). Retail price index (May). Welsh Conservative Party two-conference opens, Llandudno. Mr Michael Heseltine speaks at Royal Town Planning Institute conference, Cardiff.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

No.	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday June 10 1988 Index No.	Day's Change %
1	CAPITAL GOODS (208)	776.80	+0.1
2	Building Materials (29)	1012.92	+0.5
3	Contracting, Construction (35)	1590.69	+1.1
4	Electricals (12)	2073.50	-0.4
5	Electronics (31)	1643.29	—
6	Mechanical Engineering (56)	399.90	-0.1
8	Metals and Metal Forming (8)	464.84	-0.4
9	Motors (13)	274.55	-0.5
10	Other Industrial Materials (24)	1270.46	-0.1
21	CONSUMER GROUP (187)	1087.48	+0.4
22	Brewers and Distillers (21)	1128.63	+0.5
25	Food Manufacturing (23)	983.79	—
26	Food Retailing (16)	1991.28	+0.4
27	Health and Household (12)	1840.00	+0.4
29	Leisure (30)	1338.02	+0.7
31	Packaging & Paper (17)	497.88	+1.5
32	Publishing & Printing (16)	3419.41	+0.4
34	Stores (35)	813.20	+0.2
35	Textiles (17)	586.42	+0.6
40	OTHER GROUPS (92)	893.24	+0.1
41	Agencies (19)	1174.13	+0.6
42	Chemicals (20)	1043.59	+0.2
43	Conglomerates (13)	1194.29	-0.1
45	Shipping and Transport (12)	1925.82	+0.4
47	Telephone Networks (2)	956.29	+0.2
48	Miscellaneous (26)	1193.44	+0.1
49	INDUSTRIAL GROUP (487)	964.63	+0.2
51	Oil & Gas (13)	1871.18	+0.9
59	500 SHARE INDEX (500)	1041.18	+0.3
61	FINANCIAL GROUP (122)	719.84	+0.4
62	Banks (8)	680.71	+0.2
65	Insurance (Life) (8)	1072.44	-0.7
66	Insurance (Composite) (7)	532.97	-0.5
67	Insurance (Brokers) (7)	981.91	+0.4
68	Merchant Banks (11)	377.00	-0.3
69	Property (51)	1122.85	+0.2
70	Other Financial (30)	393.98	-0.5
71	Investment Trusts (81)	899.25	+0.4
81	Mining Finance (2)	531.65	-0.4
91	Overseas Traders (8)	1122.69	+0.1
99	ALL-SHARE INDEX (715)	955.97	+0.4
	FT-SE 100 SHARE INDEX ♦	1849.8	+8.3

FIXED INTEREST

	PRICE INDICES	Fri Jun 10	Day's change %	Thu Jun 9	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.93	+0.16	122.74	—	5.33
2	5-15 years	141.51	+0.18	141.25	—	5.89
3	Over 15 years	149.85	+0.16	149.61	—	6.67
4	Irredeemables	166.42	-0.05	166.51	—	6.31
5	All stocks	137.78	+0.17	137.55	—	5.42
	Index-Linked					
6	5 years	127.82	-0.01	127.84	—	1.29
7	Over 5 years	120.93	-0.04	121.09	0.11	2.29
8	All stocks	121.32	-0.03	121.47	0.10	1.22
9	Debentures & Loans	118.80	+0.01	118.79	—	5.86
10	Preference	93.54	+0.20	93.35	—	3.22

♦Opening index 1838.8; 10 am 1839.7; 11 am 1840.2; Noon 1839.5; 1 pm 1840.1; 2 pm 1840.2; 3 pm 1845.8; 3.30 pm 1843.2; 4 pm 1845.5

CONSTITUENT CHANGES: OPCE (5) and Crowther (J) (35) have been deleted. Guinness Mahon (68), ASW Holdings (8) and Thorntons (26) have been inserted. RECLASSIFICATIONS: GPG (68 to 70). NAME CHANGES: Brown Boveri Kent is now ABB Kent.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

NOTICE OF RATE OF INTEREST

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwaiti Dinars 7,000,000
Floating Rate Notes due December 1988

In accordance with the provisions of the Fiscal Paying Agency and Reference Agency Agreement between Kuwait Foreign Trading Contracting and Investment Co. (S.A.K.) and The National Bank of Kuwait S.A.K., dated as of 7th December, 1983, notice is hereby given that the rate of interest upon the above Notes has been fixed at 6¼% per annum and that the Coupon amount payable on 11th December 1988, against Coupon No. 10 will be K.D. 166.079.

By: The National Bank of Kuwait S.A.K.
Head Office: P.O. Box 95, Safat, 13001 Kuwait
Fiscal Agent
11th June 1988

بنك الكويت الوطني
The National Bank of Kuwait SAK

INTERNATIONAL COMPANIES AND FINANCE

O'Reilly in A$130m offer for Australian newspaper publisher

BY KIERAN COOKE IN DUBLIN

MR TONY O'REILLY, the former Irish rugby international who is chairman of the Heinz food group in the US and of the Dublin-based Independent Newspapers, is tackling the Australian media business with a A$130m (US$104.5m) cash offer for Provincial Newspapers Queensland (PNQ), the country's largest independent publisher of regional dailies.

To the outsider the deal is almost as complex as the goings-on in a rugby maul. The first step was the acquisition of just under 20 per cent of PNQ from Mr Rupert Murdoch's News Corporation, which had held nearly half the company but had been ordered to divest under the terms of Australian ownership regulations.

Mr O'Reilly is bidding for PNQ through the newly formed Haswell company, which is 85 per cent owned by a trust fund, the beneficiaries of which are the six O'Reilly children, and just under 15 per cent held by Independent Newspapers.

Mr O'Reilly's wife, whom he met while playing rugby in Australia in 1959, is Australian and his children are citizens of the country.

The deal, circumventing restrictions on foreign ownership, suggests Mr O'Reilly is no stranger to Australian rules. Independent has an existing presence there through the 66 per cent owned Buspak, which specialises in urban transit advertising.

A representative in Dublin would not say how the cash was being raised.

PNQ, which publishes 12 dailies and other weeklies in Queensland and northern New South Wales, recorded pre-tax profits last year of A$9.3m on turnover of A$62m. It is expected that sales this year will near the A$100m mark.

Last year, Independent increased pre-tax profits 39 per cent to I£8.43m (US$13.15m) and the company has made no secret of its desire for further acquisitions overseas.

It has nine newspaper titles in Ireland and regional newspaper interests in the UK.

Investcorp 'confident' of solution to Gucci impasse

BY ALAN FRIEDMAN IN MILAN

INVESTCORP, THE Bahrain-registered investment bank which is seeking control of Gucci, yesterday declared itself "confident" that a solution would be found to the current boardroom stand-off it is facing with court-appointed custodians of 50 per cent of the Italian leather goods and fashion accessories house.

Investcorp has spent about £75m ($136.5m) to build up a 47.8 per cent stake in Gucci of Italy and a 33 per cent holding in Gucci America.

Mr Paul Dimitriuk, the Investcorp partner who has masterminded the buying of Gucci shares, flew out of Milan last night after a meeting with Mrs Maria Martellini, the caretaker Gucci chairman.

On Wednesday, Investcorp representatives had their request for five of the nine seats on the Gucci board turned down by the custodians of Mr Maurizio Gucci's 50 per cent stake. The stake is frozen pending criminal charges against Mr Gucci.

Mr Dimitriuk said yesterday he was "prepared to be flexible." He said he would accept a 50-50 formula that would give each side five board seats.

At present, Investcorp and the court custodians each have four seats and the last is vacant. The next important meeting of Gucci shareholders is on June 30.

Mr Dimitriuk denied reports that Sheikh Ahmed Zaki Yamani, the former Saudi Oil Minister, was Investcorp's biggest single shareholder. Sheikh Yamani owns less than 2 per cent of Investcorp, according to Mr Dimitriuk.

Pritzker family to sell Braniff holding

By James Buchan in New York

THE PRITZKERS, the well-known Chicago business family which owns the Hyatt hotel chain, looks likely to escape from one of its least successful investments with the announcement yesterday that it is selling most of its holding in Braniff to a group led by PaineWebber, the Wall Street investment firm.

Mr Robert Pritzker and Mr Jay Pritzker, who bought the bankrupt airline for $30m in 1983 but have been unable to return it to profit, are selling their 64 per cent of the company for about $56m in cash and a 12.8 per cent holding in the successor.

Braniff, which was the first and most spectacular casualty of US airline deregulation, was relaunched by the Pritzkers in 1984 but was flattened by competition from American and Delta at the Dallas/Fort Worth airport.

But the airline's decision to redeploy its operations to Kansas City and to offer no-frills service on the basis of its cheap labour have led to confidence on Wall Street that it will return to profit.

Posco shares in high-price debut

By Maggie Ford in Seoul

SHARES IN Pohang Iron and Steel (Posco), the privatised South Korean steelmaker, made their debut at Won 43,000 ($59.2) on the Seoul exchange yesterday, almost three times the subscription price of W15,000 and valuing the company at nearly $6bn.

The high price appears to have shocked the market, which had earlier welcomed the listing of a company representing almost 7 per cent of market capitalisation. The all-share index closed at 731.33, down 6.50 points, with Posco slipping to close at W41,500.

However, shares in the four commercial banks which jointly own 25.3 per cent of the company rose on the news.

Haig Simonian on a leading German ready-to-wear clothing producer

Steilmann fashions a sharper image

ONLY the initials KS on the silver-grey Mercedes coupé parked outside distinguish Firma Klaus Steilmann amid the low-built buildings on the edge of an unimposing industrial estate between Bochum and Essen in the heart of West Germany's Ruhr.

It is an unpromising backdrop for Europe's biggest ready-to-wear fashion producer, and one of the largest companies of its kind in the world.

But then Mr Steilmann, who founded the company 29 years ago, is not a man to court publicity. As he points out, he is first and foremost an industrialist. Not for him the glitzy antics of many in the fashion world.

But keeping a low profile has not stopped the Steilmann group, which now employs almost 8,000, from growing steadily. Sales last year rose 5 per cent to more than DM1.2bn ($700m).

"Benetton is bigger, with about DM300m more turnover. But it is in retailing too," says Mr Steilmann. His company restricts itself to manufacturing.

Expansion has been checked by the continuing penetration of Asian clothing imports into Europe. Many of Mr Steilmann's chain store customers – like Marks and Spencer, his largest single client, and the C&A group – remain loyal, but the need to stay competitive is decisive.

In spite of the pressure to keep costs down, about 47 per cent of the Steilmann group's output last year came from its German plants.

A further 17 per cent came from German subcontractors, with the rest imported, mainly from the Far East.

In-house production has fallen to 42 per cent this year, Mr Steilmann notes. However, the shift reflects recent fashion trends, which are best met by plants in Italy, southern Europe and the Far East, rather than any change in policy.

Producing in high-cost Germany may make sense for up-market women's designer labels like Escada, whose blouses can sell for between DM300 and DM500, but how does a middle-market volume manufacturer like Steilmann manage?

Speed and ease of communications are the answers, according to Mr Steilmann. Fashion is a fast-moving and frequently unpredictable business.

"If people suddenly want green, and we can provide green very quickly, then they'll pay an extra DM20 to have it . . . . The problem is getting the right things to the market at the right time.

"You can't do that in the Far East." Goods could still be in transit from Hong Kong just when the market wants them most.

Steilmann uses Far East production when orders are heaviest, such as after the big Düsseldorf and Munich fashion fairs, or for particularly cost-sensitive items.

The rag trade is highly cyclical, and the company, which has a team of 70 technicians supervising its foreign production, takes pride in the fact that "our German factories have never had an idle hour," thanks to the use of outside contractors to even out order flows.

Yet Steilmann has had to adapt sharply to imports. The problem was primarily internal, with the need for fresh blood and better marketing to allow longer production runs and to avoid overdependence on single customers.

"There were certain areas of stagnation in the company," Mr Steilmann admits. New talent had been required in departments like babywear which had become too dependent on one customer. "It all has to do with people," he says.

Putting feelers up-market is the second part of the strategy. Steilmann is not planning on assault on the bastions of French and Italian haute couture, but its aim to capture the "bridge" market between the designers and middle-market tastes is well under way.

The first push came three seasons ago with the "KS: Klaus Steilmann Selection" range – the first time Mr Steilmann had put his name on his products. That pattern is now being repeated in a second, dearer range – "KL by Karl Lagerfeld" marking the fruits of the much-vaunted collaboration between the German-born design guru and the Steilmann group which was announced last summer.

Yet shifting part of his attention up-market has not dented Mr Steilmann's emphasis on profits.

Both ranges have been set tough turnover targets. "There must be minimum sales of DM50m within two years to do a proper job and not lose money," he says. After four years, sales must reach DM100m.

The outlook seems promising. Klaus Steilmann Selection, priced about 20 per cent below the Lagerfeld-label clothes, now has 1,400 customers worldwide and had turnover of DM16.5m in its first season.

Meanwhile, first reactions to the Lagerfeld designs, which are being sold internationally, except in Japan, have been encouraging. Sales of the debut autumn collection, which will be in the shops at the start of August, have reached DM18m, while the spring 1989 range will be unveiled to buyers from the end of July.

Together, the measures have helped lift sales in the first four months of this year to DM543m, from DM413m for the same period last year.

"If by year-end we achieve 15 per cent growth it's a fantastic job we've done," says Mr Steilmann.

Buying market share by acquiring competitors is not part of Mr Steilmann's philosophy. The group has taken over a number of companies over the years, but most have been in difficulties and turned around. Lotz, acquired in 1986 with sales of just DM11m, has increased turnover to DM70m.

With smaller German fashion groups like Hugo Boss and Escada having successfully made the transition to the stock market, has Mr Steilmann never considered a flotation?

The "no" could hardly be more emphatic. "I am totally uninterested in going public," he says. He argues that the need for fast decision making in fashion is incompatible with the structure of a public company.

"Sometimes we need to take decisions immediately on site. A public structure wouldn't allow that speed."

But control is clearly as important. In his own hands is where Mr Steilmann intends it to stay. Other members of the family are already involved in the business; his eldest daughter is on the payroll, and his wife, who looks after the Lagerfeld side, is due to take up a senior position. "It is not difficult to bring in high quality managers to fill in the gap."

Mr Steilmann admits there has been no lack of bankers knocking on his door with loan offers or plans to take the company public. "One of my principles since the company's foundation has been never to be under pressure by banks," he says tersely.

As a private company, under German law Steilmann's published accounts can be minimal, and Mr Steilmann remains tight-lipped when it comes to disclosing profits.

Earnings have regularly been ploughed back into the business, though. Bank credit is required to meet peak order flows and the group has good credit lines. But its overall interest balance is positive, Mr Steilmann asserts.

Does he not feel it is a rather old-fashioned way to run a business? "I stay away from bank loans because it means costs. I hate costs," he says. "What is wrong with that? I think it is very very good."

Shift to up-market styles will not dent profits

Rey plans flotation of Omni Holding

By William Dullforce in Geneva

OMNI HOLDING, the parent company of Mr Werner Rey, the Swiss financier and industrialist, is going public. A "significant part" of its first public equity offering will be available for new shareholders.

Share capital is being increased from SFr468m to SFr600m ($420m) through the issue of 268,000 bearer shares. Some will be reserved for existing shareholders of Inspectorate International and Ateliers de Construction Mécanique de Vevey (ACMV), in which Omni Holding has majority stakes.

Other shares will be privately placed and held to cover a future convertible loan issue, and the remainder will be offered for public subscription between June 29 and July 5.

The partition of the equity issue and the offer price will be announced on June 28. An earlier plan for a smaller public offering was postponed after last year's stock market crash.

Mr Rey used Omni Holding, registered in the canton of Zug, to build up a diversified group after his arrival on the Swiss business scene in 1977.

In addition to majority stakes in Inspectorate and ACMV, Omni holds 100 per cent of Jean Frey, Switzerland's third largest publisher. It also has a majority holding in Omnicorp, the New Zealand company which controls International Leisure Group of the UK, which in turn has an important minority holding in Air Europe.

Macmillan setback in Bass bid battle

MACMILLAN, THE New York-based publishing company, yesterday suffered a legal setback in its battle against the $2bn takeover bid from Mr Robert Bass, the wealthy Texas investor, writes Anatole Kaletsky from New York.

The Delaware chancery court issued a temporary injunction against the company's restructuring plan, which would break up the business into two separately traded public companies.

WORLD COMMODITIES PRICES

Week in the Markets

SUPPLY TIGHTNESS continued to be the dominating influence on the London Metal Exchange this week. With stocks low and demand generally holding up well all the exchange's base metal markets scored gains, and two of them – zinc and aluminium – registered all-time highs in dollar terms.

Zinc made the pace with a £51 rise to £793.50 a tonne at yesterday's close, and it would have gone even higher but for sterling's steadiness against the dollar.

Earlier gains based largely on the continued strength of demand from the galvanised steel industry were trimmed a little on Monday. But the market quickly resumed its upward course following Tuesday's declaration of force majeure on shipments from Peru's Yauricocha mine because of a lack of spare parts to keep machinery turning.

In the background were rumours that fresh Soviet and Indian buying was imminent and the prospect of a strike at Curragh Resources' important Faro lead-zinc mine in the Yukon. The latter became a reality yesterday when Faro workers voted to down tools rather than accept a new labour contract involving sharp cuts in the working week and, more importantly, in take-home pay.

Anticipation of that news, which was confirmed after the LME close, had been largely responsible for yesterday's £15-a-tonne rise.

Lead prices were also boosted by the Faro factor, with cash metal gaining £9.50 yesterday to end the week £25.50 higher at £402 a tonne. Traders shrugged off news of a 12,250 tonnes rise in LME stocks to 41,300 tonnes last week and forecasts of a further 8,000 tonnes rise for this week.

Labour worries also played a part in aluminium's strong performance yesterday. Reports that workers at Alcan's 270,000 tonnes-a-year Kitimat smelter will be seeking a hefty wage increase when their contract runs out on July 23 "added sentiment," dealers said. But supply tightness remained the chief bullish factor.

Aluminium prices dipped on Monday following the announcement of a 5,025 tonnes rise in LME warehouse stocks last week to 51,325 tonnes, and again yesterday after the International Primary Aluminium Institute published April figures showing a 27,000-tonne rise in non-communist world stocks.

In each case, however, traders' underlying nervousness about supplies was quickly reasserted and, after yesterday's $280 rise, cash high grade aluminium ended the week $245 higher at $4,205 a tonne.

The LME is clearly worried about current market conditions. Yesterday the exchange's board called traders to a special meeting to warn them that it would be forced to intervene in the market if they did not act responsibly.

The London soyabean meal futures market had an unusually lively week as prices followed the ups and downs of the Chicago market. US drought fears continued to drive prices higher early in the week until Midwest rains dampened down the excitement. But more gloomy weather forecasts led to a resumption of the uptrend yesterday and the London soyameal market's August position closed at £171 a tonne yesterday, up £16 on the week. The market registered five permissible limit movements (£5 a tonne) this week – three up and two down.

Cocoa prices continued in the doldrums with London's September futures position falling £36 to £926 a tonne. The market was depressed by talk of a record 640,000-ton crop this year in the Ivory Coast and the likelihood of a fifth consecutive world production surplus in 1988-89.

Meanwhile prospects for reviving the price-supporting operations of the international Cocoa Agreement were not helped by reports that Ghana was planning to withhold contributions to the pact. The Ivory Coast already owes $50m in unpaid levies.

The coffee market livened up briefly following a weekend frost scare in Brazil. But most of the price gains were wiped out later as the severity of the damage was played down. Nevertheless a Brazilian frost, albeit a relatively mild one, so early in the season has stiffened market sentiment somewhat and ensured that few operators will be keen to sell the market short for a month or two.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$457.25	-7.5	$456	$485.5	$425
Silver Per troy oz.	391.85p	-9.5	475.35p	401.65	338.75p
Aluminium 99.7% (cash)	$4205	+245	- *	$4205	$1915
Copper Grade A (cash)	£1557.5	+20	£966	£1657.5	£1129.5
Lead (cash)	£402.0	+25.5	£385	£402.5	£328
Nickel (cash)	$16300	+1300	£2780	$22200	£4022.5
Zinc (cash)	£793.5	+51	£561.5	£793.5	£453.5
Tin (cash)	£3910	-25	£4120	£3940	£3625
Cocoa Futures (Sept)	£926	-36	£1221.5	£1182	£892
Coffee Futures (Sept)	£1152	+17	£1307.5	£1317	£1042
Sugar (LDP Raw)	$261	+7	$170.6	$265.4	$213.6
Barley Futures (Nov)	£103.15	+0.45	£99.6	£109.85	£97.25
Wheat Futures (Sept)	£104.95	+0.80	£99.6	£115	£103.35
Cotton Outlook A Index	67.9c	+1.4	79.85c	75.3c	63.95c
Wool (64S Super)	650p		467p	673p	484p
Rubber (Spot)	83p	-1	63.5p	88p	61.25p
Oil (Brent Blend)	$15.855u	-0.595	$18.725	$17.525	$13.975

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents/lb t-July. *Aluminium 99.7% only quoted since July.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.05-4.10u	-0.385
Brent Blend	$15.83-5.88u	-0.52
W.T.I.(1 pm est)	$16.85-6.88u	-0.45
[illegible]		

COCOA £/tonne

	Close	Previous	High/Low	
Jly	906	909	915	904
Sep	926	929	937	925
Dec	956	960	965	955
Mar	978	985	990	977
[illegible]				

COFFEE £/tonne

[illegible]

SUGAR $ per tonne

[illegible]

LONDON METAL EXCHANGE

(Prices supplied by Amalgamated Metal Trading)

[illegible]

GAS OIL $/tonne

[illegible]

GRAINS £/tonne

[illegible]

POTATOES £/tonne

[illegible]

SOYABEAN MEAL £/tonne

[illegible]

LONDON BULLION MARKET

[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

FREIGHT FUTURES $10/index point

[illegible]

US MARKETS

PRECIOUS METALS underwent a late sell-off as trade, fund and local selling touched-off stops to drive prices lower, reports Drexel Burnham Lambert. The markets had been under pressure from a stronger U.S. dollar, and early losses were extended in active trading. Copper firmed in early trading but profittaking pared gains. Energy futures came under pressure from mixed selling, mainly reflecting technical penetration of support levels, losses were extended by fund selling, although the trade was a buyer at lower levels. Coffee opened sharply lower, but recovered on speculative buying after trade support was noted. However, the advance was held as the trade turned seller. Cocoa eased on speculative long-liquidation. Sugar eased as the grains markets fell, profittaking touched-off stops, although the market closed off the day's lows. The grains markets were strong in early trading on mixed buying reflecting continued concern over weather. However, late in the day, fund and professional selling and profittaking saw prices dip sharply before position-squaring and commercial buying pushed values higher towards the close.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	449.1	457.1	459.0	446.0
[illegible]				

PLATINUM 50 troy oz; $/troy oz.

[illegible]

SILVER 5,000 troy oz; cents/troy oz.

[illegible]

INDICES

[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	114.25	[illegible]	[illegible]	[illegible]
Jul	109.10	[illegible]	[illegible]	[illegible]
Aug	104.50	[illegible]	[illegible]	[illegible]
Sep	99.90	[illegible]	[illegible]	[illegible]
Dec	90.50	[illegible]	[illegible]	[illegible]
Jan	89.00	[illegible]	[illegible]	[illegible]
Mar	83.25	[illegible]	[illegible]	[illegible]
May	79.80	[illegible]	[illegible]	[illegible]
Jul	78.90	[illegible]	[illegible]	[illegible]
Sep	77.90	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jul	16.87	[illegible]	[illegible]	[illegible]
Aug	16.89	[illegible]	[illegible]	[illegible]
Sep	16.89	[illegible]	[illegible]	[illegible]
Oct	16.87	[illegible]	[illegible]	[illegible]
Nov	16.88	[illegible]	[illegible]	[illegible]
Dec	16.88	[illegible]	[illegible]	[illegible]
Jan	16.85	[illegible]	[illegible]	[illegible]
Feb	17.00	[illegible]	[illegible]	[illegible]
Mar	16.80	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	4490	[illegible]	[illegible]	[illegible]
Sep	4550	[illegible]	[illegible]	[illegible]
Oct	4625	[illegible]	[illegible]	[illegible]
Nov	4705	[illegible]	[illegible]	[illegible]
Dec	4775	[illegible]	[illegible]	[illegible]
Feb	4795	[illegible]	[illegible]	[illegible]
Mar	4650	[illegible]	[illegible]	[illegible]
Apr	4580	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1536	[illegible]	[illegible]	[illegible]
Sep	1563	[illegible]	[illegible]	[illegible]
Dec	1595	[illegible]	[illegible]	[illegible]
Mar	1631	[illegible]	[illegible]	[illegible]
May	1655	[illegible]	[illegible]	[illegible]
[illegible]				

COFFEE "C" 37,500lbs; cents/lbs

[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

[illegible]

COTTON 50,000; cents/lbs

[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

[illegible]

SOYABEAN MEAL 100 tons; $/ton

[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

[illegible]

LIVE HOGS 30,000 lb; cents/lbs

[illegible]

PORK BELLIES 38,000 lbs; cents/lb

[illegible]

WORLD STOCK MARKETS

Wall Street

Blue chips pull Dow to 1988 high

The market was led higher by a strong rise in blua chips which breached the post-crash closing high for the third day running.

By early afternoon the Dow Industrial Average was op 21 points at 2114. The post crash closing high was 2110.08. Trading was moderate.

Amdahl gained $2 to $53¼ on anticipation of higher than expected earnings.

Canada

At midsession Toronto stock prices showed a gain in quiet trading as rising golds, base metals and energy issues tugged the market up.

The composite index, which had risen about three points in *earlier trading, gained 10.9* to 3389.1 on light turnover of 11.5m shares.

Tokyo

A shortened trading day and fears of currency instability and an overnight retreat on Wall Street combined to dampen optimism and push push share prices down in heavy trade in Tokyo.

The Nikkei index closed 151.66 points lower at 27,920.36. Volume was 2.2bn shares against a near-record 2.6 bn on Thursday.

A half-hour cut in afternoon trading hours began yesterday.

Uostabie exchaoge rates spurred selling of export-related electronics stocks. Sony lost Y80 to Y5,120, TDK Y80 to Y4,410, Pioneer Y60 to Y3,120, and Hitachi Y50 to Y1,410. These issues are all listed in New York where stock prices fell on Thursday.

Securities house stocks took the worst beating, due to profit-taking helped by a drop in yen bond prices. Nikko Securities fell Y50 to Y2,000, Daiwa Y30 to Y2,600, Wako Y30 to Y2,300.

Nippon Telegraph and Telephone rose a sharp Y40,000 to Y2.49 on speculation that the government will soon give the date of the offering of a third tranche of its stake in NTT to the public.

North American closing prices were not available for reports in this edition

Frankfurt

The weaker dollar, overnight losses on Wall Street and a sharp fall in the price of Nixdorf undermined shares and although the market recovered ground later it still ended down.

Nixdorf, which paid its DM10 dividand on Thursday, fell to DM491.1, DM37.9 below Thursday'e close. Thursday's statement by the firm's management board chairman, who said that so far in 1988 profits had beeo unsatisfactory, had worried some investors.

Paris

Trading was quiet in Paris during the last the last sessioo before the final round of parliamentary elections tomorrow. The bourse price index crept up 0.05 per cent by the close.

The market shrugged off political uncertainty in the run-up to the election, seen as a close-run contest between left and right-wing after the Socialists took a narrower than expected lead in last week's first round of voting.

Hong Kong

Strong buying in Hong Kong was followed by late profit-taking, ahead of the long holiday weekend, which eased ahare prices from their day's highs.

Even so, the market was firmer and the Hang Seng index was up 6.59 points at 2,647.42 after rising to 2,657.57 in mid-afternoon. Tnrnover was a heavy HK$1.85bn.

Australia

The national share market drifted aimlessly, unable to overcome early declines among resource and industrial leaders and closed easier in moderate trade ahead of the long weekend.

Investors were also reluctant to remain in the market ahead of yesterday's trading on Wall Street and Tuesday's release of the US trade figures for April.

At the close of floor trading the All Ordinaries Index was 3.7 points lower at 1,586.7.

Singapore

After a slow start uoder the shadow of the overnight fall in New York, share prices closed marginally higher oo speculative *buying and bargain hunting.*

Early trading was quiet but buyers returned to the market in the afternoon and pushed stocks higher. The Straits Times industrial index rose 3.83 points to 1,046.43 after a 1.56-point fall at midday.

Zurich

The stock market closed little changed with a slightly lower bias. At the close the all-share Swiss index was down 1.9 to 847.9 points.

Bank Leu dropped SFr90 to SFr2,670 after the its announcemeot that talks with BZ Bank on a joint holdiog company had been broken off.

Nestlé bearers were down SFr100 to SFr8,550 while Jacobs Suchard, its rival in the Rowntree takeover battle, rose SFr100 to SFr7,775.

Brussels

Demand late in the session capped profit-taking spurred by Thursday's Wall Street drop and, although the market closed easier, trading was actlve aod prices were above earlier lows.

Steel stocks, riding n wave of optimism over this year's prospects, were again the main object of investor interest.

After advanciog BFr18 on Thursday, Cockerill gaioed another BFr6 on abnormally high turnover of 47,000 shares. Luxembourg steelmaker Arbed put on BFr55 to BFr1,890 as a heavy 16,400 shares changed hands.

Amsterdam

The firmer opening on Wall Street yesterday and the strengthening dollar helped share prices end a moderately active day higher after a slow and low opening.

Turnover was Fl263m after Thursday's active trading with a turnover of 355m.

Milan

The Montedison groups was the focus of trading as share prices closed firmer in fair trading after a sluggish start, The Milan Stock Index closed up one point at 998.

Montedison was actively traded aod closed down L6at L1,574, before recovering in later trading to L1,616.

Madrid

The market rode a bout of selective profit-taking to finish oo a strong note with shares rising to a oew high for 1988.

The general share index closed 0.7 points higher at 297.08, a gain of 5.74 points on the week.

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Dollar ends on subdued note

CURRENCIES ENDED the week on a quiet note, as trading slowed to a crawl, ahead of Tuesday's release of US trade figures for April.

The dollar finished unchanged on the day, having failed to hold on to earlier gains. The initial improvement was more a reflection of short covering than any change in trend, and investors were content to square positions and retreat for the weekend.

US producer prices for May had little effect on the market, rising by 0.5 p.c. which was in line with expectations. With these out of the way, dealers were allowed to concentrate on the trade data. Most analysts see the deficit widening a little from the $11.95bn shortfall seen in March.

The dollar closed at DM1.7195, unchanged from Thursday, and Y124.90 compared with Y125.20. Elsewhere it finished at SFr1.4370 from SFr1.4360 and FFr5.8075 from FFr5.8060. On Bank of England figures, the dollar's exchange rate index was unchanged at 93.5.

Sterling managed to show a small improvement but was confined to a very narrow range for most of the day. Its exchange rate index finished unchanged from the opening at 76.8, which was up slightly from Thursday's close of 76.7.

It rose against the dollar to $1.8170 from $1.8150 and DM3.1250 against the D-Mark compared with DM3.1200. Elsewhere it ended at SFr2.6100 from SFr2.6075 and FFr10.5525 against FFr10.5375. Against the yen it was quoted at Y227.0 from Y227.25.

Sterling made several attempts to break through resistance at DM3.1250, but there was a insufficient impetus, given the lack of commitment ahead of US trade data.

However most traders saw the pound moving higher if April's figures prove to be disappointing. The recent increases in UK interest rates have provided the pound with a firm base.

Trading in Frankfurt was centred on squaring positions ahead of next week. The D-Mark retained a strong undertone but was still suffering from the effects of investors switching into higher yielding currencies, such as sterling.

A firmer tone to West German domestic rates saw the French franc finish below its best in Paris. The D-Mark rose to FFr3.3770 against FFr3.3754 on Thursday. The franc was less affected by tomorrow's French elections, and trading volume tended to slacken ahead of the weekend.

£ IN NEW YORK

June 10	Latest	Previous Close
£ Spot	1.8180-1.8185	1.8210-1.8220
1 month	0.08-0.07pm	0.07-0.06pm
3 months	0.36-0.33pm	0.37-0.35pm
12 months	1.59-1.49pm	1.65-1.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

June 10		Previous
8.30 am	76.8	76.6
9.00 am	76.8	76.6
10.00 am	76.8	76.7
11.00 am	76.8	76.7
Noon	76.8	76.7
1.00 pm	76.8	76.7
2.00 pm	76.8	76.7
3.00 pm	76.8	76.7
4.00 pm	76.8	76.7

POUND SPOT- FORWARD AGAINST THE POUND

June 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12 month 1.65-1.55pm.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

June 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8145-1.8200	1.8165-1.8175	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

CURRENCY RATES

June 10	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]
Austrian Sch.	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]	[illegible]
Neth. Guilder	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]
Norway Krone	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]
Swedish Krona	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]
Greek Drach.	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

*All SDR rates are for June 9

CURRENCY MOVEMENTS

June 10	Bank of England Index	Morgan Guaranty Changes %
Sterling	76.8	-16.2
U.S. Dollar	93.5	-13.5
Canadian Dollar	[illegible]	[illegible]
Austrian Schilling	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French Franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100)**Rates are for June 9

EURO-CURRENCY INTEREST RATES

June 10	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

June 10	£	$
Argentina	14.1040-14.2005	7.7600-7.8100
Australia	2.2485-2.2535	1.2380-1.2400
Brazil	310.55-312.25	170.85-171.75
Finland	7.3985-7.4115	4.0725-4.0765
Greece	248.35-252.65	136.45-138.75
Hong Kong	14.1760-14.2110	7.8090-7.8110
Iran	123.10*	67.00*
Korea(Sth)	1321.15-1333.15	725.30-731.90
Kuwait	0.50100-0.50150	0.27575-0.27595
Luxembourg	65.25-65.35	35.90-36.00
Malaysia	4.6765-4.6860	2.5715-2.5745
Mexico	4125.70-4163.70	2270.00-2290.00
N. Zealand	2.5870-2.5920	1.4255-1.4275
Saudi Ar.	6.8155-6.8215	3.7510-3.7520
Singapore	3.6660-3.6720	2.0170-2.0190
S. Af (Cm)	4.0510-4.0625	2.2325-2.2350
S. Af (Fn)	5.3090-5.4280	2.9195-2.9850
Taiwan	51.95-52.25	28.55-28.70
U.A.E.	6.6725-6.6785	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

June 10	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.817	3.125	227.0	10.55	2.610	3.508	2322	2.216	65.30
$	0.550	1.	1.720	124.9	5.806	1.436	1.931	1278	1.220	35.94
DM	0.320	0.581	1.	72.64	3.376	0.835	1.123	743.0	0.709	20.90
YEN	4.405	8.006	13.77	1000.	46.48	11.50	15.46	10229	9.762	287.7
F Fr.	0.948	1.722	2.962	215.2	10.	2.474	3.325	2201	2.100	61.90
S Fr.	0.383	0.696	1.197	86.97	4.042	1.	1.344	889.7	0.849	25.02
H Fl.	0.285	0.538	0.891	64.71	3.007	0.744	1	661.9	0.632	18.61
Lira	0.431	0.783	1.346	97.76	4.543	1.124	1.511	1000.	0.954	28.12
C $	0.461	0.820	1.410	102.4	4.761	1.178	1.583	1048	1	29.47
B Fr.	1.531	2.783	4.786	347.6	16.16	3.997	5.372	3556	3.394	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Rates finish little changed

INTEREST RATES were barely changed in London yesterday. Rate movements were linked directly to the performance of sterling, but there was little prospect of any real trend developing in currency markets until the release of US trade figures next week.

Three-month interbank money was quoted at 8⅝-8½ p.c. compared with 8¾-8½ p.c. while the one year rate was unchanged at 9¾-9¼ p.c.

Weekend money opened at 7¾-7½ p.c. and touched a high of 10 p.c. before slipping back to 7 p.c.

The Bank of England forecast a shortage of around £300m, with factors affecting the market including repayment of any late assistance and bills maturing in official hands, together with a take up of Treasury bills draining £91m, and a rise in the note circulation accounting for a further £330m. In addition banks brought forward balances £110m below target. These were partly offset by Exchequer transactions which added £210m.

UK clearing bank base lending rate 8½ per cent from June 6

The forecast was revised to a shortage of around £450m, and the Bank gave assistance in the morning of £50m through outright purchases of eligible bank bills in band 4 at 8⅜ p.c.

A further revision took the forecast to a shortage of £400m - before taking into account the earlier help - and the Bank gave additional assistance of £75m through outright purchases of £2m of local authority bills and £11m of eligible bank bills in band 1, and £62m of eligible bank bills in band 4, all at 8⅜ p.c. Late help came to £175m, making a total of £300m.

Sterling's improvement over the week was reflected in the average rate of discount at the weekly Treasury bill tender. This fell to 8.0079 p.c. from 8.1267 p.c.

The £100m of bills on offer attracted bids of £486m against £317m for a similar amount the previous week, and all bills on offer were allotted. The minimum accepted bid was £97.965 against £97.925, and bids at that level were met as to about 30 p.c. and above in full, compared with 56 p.c. the week before. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

In Frankfurt call money was bid at 3.55 p.c. from 3.50 p.c. previously as commercial banks continued to build up reserves ahead of the start of heavy corporate tax payments.

In Brussels the Belgian National Bank cut its rates on short term Treasury certificates by 0.1 p.c. to 6 p.c. for one-month paper and by 0.05 p.c. on two-month paper to 6.05 p.c. The three-month rata was left unchanged.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 10) 3 months US dollars		6 months US Dollars	
bid 7⅝	offer 7¾	bid 7¾	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9
Broker loan rate	8¾
Fed funds	7¾-⅞
Fed funds at intervention	-

Treasury Bills and Bonds

One month	5.89	Three year	8.17
Two month	6.25	Four year	8.37
Three month	6.63	Five year	8.52
Six month	6.99	Seven year	8.76
One year	7.44	10-year	8.94
Two year	7.90	30-year	9.04

June 10	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.45-3.50	3.35-3.45	3.40-3.50	3.55-3.65	3.75-3.90	4.50
Paris	6⅞-6⅞	7⅛-7⅛	7¼-7¼	7¼-7⅜	7½-7⅝	7.00
Zurich	2¾-2⅞	2⅞-2⅞	-	2⅞-2⅞	-	-
Amsterdam	1½-2	3⅜-3⅜	-	4⅛-4⅜	-	-
Tokyo	3.40625	3.90625	-	3.96875	-	-
Milan	[illegible]	[illegible]	-	[illegible]	-	-
Brussels	[illegible]	[illegible]	-	[illegible]	-	-
Dublin	[illegible]	[illegible]	-	[illegible]	-	-

LONDON MONEY RATES

June 10	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	7.45-7.40	7.60-7.55	7.75-7.70
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 7⅜ per cent; three months 8¼ per cent; Bank Bills (sell); one-month [illegible]; three months [illegible]. Treasury Bills; Average tender rate of discount 8.0079 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31, 1988. Agreed rates for period June 26, 1988 to July 25, 1988, Scheme I: 9.37 p.c. Schemes II & III: 9.39 p.c. Reference rate for period April 30, 1988 to May 31, 1988, Scheme IV & V: 8.114 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 8½ % from June 1, 1988; Bank Deposit Rates for sums at seven days notice 2 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8¾ per cent; one-three months 8¾ per cent; three-six months 8¾ per cent; six-nine months 8¾ per cent; nine-twelve months 8¾ per cent. Under £100,000 8 per cent from May 17, 1988. Deposits withdrawn for cash 5.00 per cent.

LONDON STOCK EXCHANGE

Equities end firmly led by oil shares

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 23	Jun 2	Jun 3	Jun 13
Jun 6	Jun 16	Jun 17	Jun 27
Jun 20	Jun 30	Jul 1	Jul 11

*New time dealings may take place from 9.00 am two business days earlier.

ANOTHER UNINSPIRING trading session in the London equity market was saved at the bell by a firm opening on Wall Street and speculative demand for financial stocks. Oil shares benefited strongly from US interest after BP made its annual presentation to the New York investment institutions.

Outside these specific situations, however, genuine investment business remained thin and several London securities houses expressed doubts about the substance of this week's advance in equity prices.

Seaq turnover increased to 497.6m shares from Thursday's 476.5m but the total leaned heavily on speculative sectors.

Marketmakers in both Gilts and equities were inclined to keep trading positions square ahead of next week which brings a clutch of significant economic data from both sides of the Atlantic.

The highlight will be Tuesday's announcement of the April trade figures from the US, but the City is also poised for UK statistics on producer prices, retail sales and Public Sector Borrowing Requirement, all due before the end of next week.

The FT-SE 100 Index closed yesterday a further 8.3 higher at 1849.8, with most of the gain appearing late in the session as Wall Street helped London blossom after a dull opening.

The first week of the current two-week equity market trading Account has brought a net gain in the FT-SE Index of 30.6 points. The advance has largely reflected the upturn on Wall Street, where the Dow Average was again approaching its post-Crash peak as London closed last night.

Warburg Securities, a leading UK securities house, pondering whether the dollar has finally bounced and will provide the key to a sustained recovery in global equities, says rhetorically: "The answer is still no. This is a flurry, not a sustained recovery. Nothing has changed".

Kleinwort Grieveson is "not surprised at the more cautious stance adopted by UK investors", and rates a revival in equities as only "an outside chance".

With Nestlé evidently taking its time in producing a higher bid for Rowntree, the bounce yesterday went out of the food share sector. However, financial issues, in particular the insurance stocks, moved up strongly as the market decided that they might be next in line for foreign bids.

Government bonds opened firmly, supported by some overnight demand from Continental and Far Eastern buyers. At best, long-dated issues were ¼ up as the market anticipated the possibility of a new official tap stock.

But when 4.30pm, the conventional time for a tap stock announcement, came and went, prices turned down to end a net $\frac{1}{16}$ off on the day. Traders, lacking much retail interest, took their lead from the bond futures and the Treasuries market and settled down to await publication of the US trade figures.

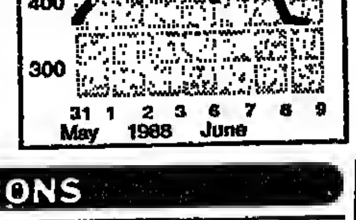
BP "old" shares dipped to 264p early on, and the "new" to 69p, mirroring worries that the KIO stake could be reduced after pressure from the UK Government, but both classes of shares picked up strongly after midday as a flurry of US buying interest was reported.

The American buying came as the annual BP presentation to US institutions and investors got underway at the Waldorf Astoria in New York. Two major trades in BP "new" set the ball rolling – the first 5m at 72p and the second 2.5m at 72p. Numerous other large deals followed and by the close some 5.8 "old" and 24m "new" had been recorded on the SEAQ ticker. Early news from New York was that the presentation was going extremely well.

The oil and gas sector – BP apart – attracted renewed and often strong buying interest, despite a sharp fall in crude oil prices ahead of today's OPEC meeting.

Shell, partly on the back of BP, edged up 7 to 1074p. The two current takeover/merger favourites in the oil sector –LASMO and Enterprise– made further rapid progress after Warburg Securities moved both stocks on to their "buy" list. LASMO settled 9 higher at 470p and Enterprise put on 8 at 468p.

Many firm features emerged in the second–line oils. Sovereign Oil, where James Capel were said to have been strong buyers on the back of an assets valuation of 200p a share, raced up 15 to 165p, while Exploration Company of Louisiana, currently drilling on a 100 per cent owned block in Louisiana, moved up 3 to 94p –up 9 on the week. Triton Europe spurted 21 to 200p as the market got wind of stories that Sir Ron Brierley may be about to increase his 7.5 per cent stake in Triton's US parent, Triton Energy; Belgium's Petrofina was also thought to be contemplating a bid for the US group.



Shares in Tate & Lyle jumped after two trades of 2.0m and 2.5m went through at 800p in the early afternoon. Hillsdown Holdings' stake of approximately 2.5m shares had been overhanging the market all week and it is believed that broker Hoare Govett made an attempt to place the stake on Monday but was frustrated by a UBS Phillips & Drew programme trade.

Hoare dealers refused to comment on the placing, but other sources revealed that Kleinwort Grieveson had actually done the business and thought the shares had gone to a number of institutions. With the stake out of the way, the Tate & Lyle price immediately responded favourably and rose to 820p at the close, a gain of 22 on turnover of 5.3m shares. There is not thought to be a predator in the background, but analysts are stressing the fundamental value of the company.

Abbey Life spearheaded another general upward spiral in the insurance sector as a week of intense takeover speculation in the stock culminated in stories that the recent stake–builder will launch a 400p a share takeover bid next week.

The shareholding was said by marketmakers to be approaching the 5 per cent mark, with France's Banque Paribas thought to be behind the buying operation.

The Abbey takeover speculation triggered a wave of frantic buying interest in other life assurance companies, while composite insurers surged higher after a County NatWest WoodMac buy recommendation which uncovered numerous stock shortages in the sector.

In lifes, gains were widespread and were also said to have reflected a substantial and growing stock shortage. But there was genuine business in Prudential, turnover 2.7m, where the shares edged up 3 to 166p. London and Manchester were perceived as one of the sector's bid targets and jumped 24 to 309p while Pearl, where FAI Insurances has a 7 per cent–plus stake, shot up 32 to 547p, albeit in a turnover of only 883,000 shares.

The County NatWest circular on Composites featured "buy" recommendations for Sun Alliance and Guardian Royal Exchange and "holds" on Royals, Commercial Union and General Accident. Commenting on the sector County says "composites are vulnerable to bids, and we believe the potential upside on such bids to be of Rowntree–type proportions," Sun Alliance leapt 43 to 979p, while GRE spurted 22 to 922p. General Accident added 35 to 954p and Royals 12 to 431p. Commercial Union moved up 25 to 415p.

Brokers failed to perform, although PWS jumped 17 to 203p following support from one securities house.

After yesterday's excitement the food sector was dominated by activity in Tate & Lyle. Dalgety ran into profit-taking, closing 3 down at 325p, as did Unigate which gave up 7 to 338p on lack of news - dealers are hoping to hear something next week. Rowntree saw little action and the shares edged down 2 to 1068p, while Cadbury Schweppes gained a penny to 415p on turnover of 2.1m shares amid continued speculation over the Rowntree bid situation.

Dealers reported "lots of milling around but no real trend" in tha "big–four" clearers, bnt Royal Bank of Scotland moved np 7 to 370p after a Warburg Securities "buy" recommendation. Merchant banks were quieter bnt Henry Ansbacher hardened to 81p; traders noted a single deal of 7m Ansbacher shares traded on Thursday at a price thought to be 71p –well below the ruling level.

Tha early improvement on Wall Street gave a late boost to sentiment in the International stocks, with Glaxo closing a few pence harder at 937p having been a shade lower initially.

Beecham encountered further profit-taking in the wake of comment on the preliminary figures, but closed above the worst with a fall of 8 at 471p, after 469p.

Boots, in contrast, staged a good rally, despite an uninspiring response by analysts to the annual results. Buying for the dividend by gross funds was thought to be largely responsible for the improvement with the shares closing 5 to the good at 221p in a volume of 6.7m. However, over the past Boots have not been immune from periodic bouts of takeover speculation.

A brisk trade developed in Pilkington (around 3m shares) ahead of next Wednesday's preliminary figures with the shares closing a shade better on the day at 215p.

A presentstion to institutional investors and analysts in the City yesterday prompted a a lively business in Williams Holdings which settled a shade lower at 296p in a volume of some 4.1m.

The forthcoming Aids conference in Stockholm, which starts tomorrow, enlivened fresh interest in Fisons, up a few pence at 271p, and encouraged a late run in Wellcome which closed 10to the good at 549p. Volume in the latter, however, was relatively modest.

Bid speculation resurfaced in Metal Box, up 8 at 215p, while Stonehill Holdings closed a similar amount dearer at 88p following news of a property acquisition.

Harris Queensway jumped late to close 5 op at 163p on talk that news of the possible leveraged buy out could be imminent. Dixons attracted a turnover of 4.5m – much of it carried out by County NatWest WoodMac who issued a positive circular on the stock saying "the underperformance has gone far enough. One of our retail winners for the 1990's". The shares were additionally boosted by the prospect of sales of the new television satellite dish for the new Murdoch-Amstrad venture.

Racal dipped 1½ to 314½p despite a substantial amount of interest in the shares via the intar–dealer broker screens where a trade of 1.7m at 313½p was recorded.

STC featured with a 6 gain at 274p in the wake of the visit to the company by BZW and subsequent "bny" recommendation. The sccurities house has npgraded its profits forecast for 1988 from £220m to £230m and that for 1989 from £240m to £255m.

Among the Builders, interest centred largely on the speculative favourites. Bryant Holdings came to the fore as English China Clays bid rumours resurfaced and closed 8 to the good at 153p, while speculation about the Grove Charity stake prompted a rise of 9 to 254p in Geo. Wimpey.

ICI passed a quiet trading session (volume was only just over half a million shares) but edged higher mainly on the back of the early improvement on Wall Street.

Jaguar was steady for most of the day, bnt fell off later to close 8 down at 264p on turnover of 4.0m shares. Dealers are worried by stagnant sales forecasts and currency exposure.

British & Commonwealth made its expected announcement concerning its subsidiary Bricom. The buy-out price was bang in line with forecasts and the shares gave up 6 to 268p in volume of 2.5m.

The papers sector was less than riveting, the highlight being a rise of 5 to 414p by United News after solid investment buying. Dealers said the stock had been under-rated recently.

There was more action in agencies sector, with the merger between Boase Massimi Pollitt and Davidson & Pearce lifting sentiment. Davidson shares jumped 15 to 151p, while Boase stock was unchanged at 279p. Saatchi & Saatchi recorded an impressive rise of 17 to 416p after another US presentation was deemed a success.

Among Properties, Brookmount gained 12 to 447p on the £100m redevelopment scheme for a seven acre site in the City of Edinburgh.

Courtaulds, reflecting news that the textile workers' industrial dispute had been settled, advanced 7 to 345p.

Argyll rose 4 to 193p in respectable trading ahead of figures due on June 21. Appletree reported interim profits well below market expectations and the shares promptly lost 15 to 125p.

The increased level of activity on the Traded Options market was sustainad and turnover reached 32,189 contracts made up of 24,028 calls and 8,166 puts.

FINANCIAL TIMES STOCK INDICES

	June 10	June 9	June 8	June 7	June 6	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	89.89	89.80	89.78	89.72	89.62	92.70	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.12	98.08	98.21	98.15	98.49	98.79	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1468.2	1463.7	1455.2	1445.1	1452.8	1767.9	1478.7 (4/3)	1349.8 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	228.6	228.5	232.5	236.0	234.3	409.3	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.50	4.52	4.53	4.56	4.54	3.24				
Earnings Yld. % (full)	11.57	11.60	11.64	11.73	11.66	7.81				
P/E Ratio (net) (*)	10.54	10.51	10.51	10.43	10.49	15.79				
SEAQ Bargains (5pm)	25,790	27,399	22,647	25,739	25,961	69,647				
Equity Turnover (£m)	-	1181.55	1006.66	1277.39	924.53	2362.85				
Equity Bargains	-	28,930	25,334	29,271	27,933	74,477				
Shares Traded (ml)	-	446.1	416.5	483.2	399.7	956.2				

S.E. ACTIVITY

Indices	June 8	June 7
Gilt Edged Bargains	109.1	104.1
Equity Bargains	187.4	164.1
Equity Value	2226.5	2034.7
5-Day average		
Gilt Edged Bargains	107.3	110.4
Equity Bargains	189.9	190.0
Equity Value	2296.2	2332.3

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1461.4	1462.0	1461.7	1461.0	1461.7	1462.2	1465.9	1465.7

Day's High 1468.6 Day's low 1460.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.44.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

LONDON TRADED OPTIONS

Option	Calls Jul / Oct / Jan; Puts Jul / Oct / Jan
Allied Lyons (*421)	[illegible]
Brit. Airways (*143)	[illegible]
Brit. & Comm. (*269)	[illegible]
B.P. (*270)	[illegible]
Bass (*886)	[illegible]
Cable & Wire (*361)	[illegible]
Cons. Gold (*1070)	[illegible]
Courtaulds (*343)	[illegible]
Com. Union (*390)	[illegible]
British Gas (*176)	[illegible]
G.E.C. (*147)	[illegible]
G.K.N. (*313)	[illegible]
Grand Met. (*512)	[illegible]
I.C.I. (*1083)	[illegible]
Jaguar (*271)	[illegible]
Land Securities (*560)	[illegible]
Marks & Spencer (*172)	[illegible]
British [illegible]	[illegible]
Rolls-Royce (*123)	[illegible]
STC (*274)	[illegible]
Sainsbury (*269)	[illegible]
Shell Trans. (*1074)	[illegible]
Storehouse (*278)	[illegible]
Trafalgar House (*324)	[illegible]
T.S.B. (*106)	[illegible]
Unilever (*507)	[illegible]
Woolworth (*361)	[illegible]
LASMO (*469)	[illegible]
P. & O. (*590)	[illegible]
Pilkington (*212)	[illegible]
Plessey (*157)	[illegible]
Prudential (*162)	[illegible]
Racal (*316)	[illegible]
R.T.Z. (*430)	[illegible]
Vaal Reefs (*$93)	[illegible]

Option	Calls Jan. / Apr. / Jul.; Puts Jan. / Apr. / Jul.
Amstrad (*206)	[illegible]
Barclays (*418)	[illegible]
Beecham (*469)	[illegible]
Boots (*220)	[illegible]
BTR (*267)	[illegible]
Blue Circle (*633)	[illegible]
Glaxo (*933)	[illegible]
Hawker Sidd. (*502)	[illegible]
Hanson (*137)	[illegible]
Lonrho (*254)	[illegible]
Midland Bk (*384)	[illegible]
Sears (*139)	[illegible]
Tesco (*167)	[illegible]
Trusthouse Forte (*243)	[illegible]
Thorn EMI (*661)	[illegible]
Guinness [illegible]	[illegible]
Wellcome (*549)	[illegible]

Option	Calls Aug. / Nov. / Feb.; Puts Aug. / Nov. / Feb.
Brit Aero (*397)	[illegible]
BAA (*285)	[illegible]
BAT Inds (*440)	[illegible]
Brit. Telecom (*230)	[illegible]
Cadbury Schweppes (*415)	[illegible]
[illegible]	[illegible]
Ladbroke [illegible]	[illegible]
Conv. 9½% 2005 (*102)	[illegible]
Tr. 12% 1995 (*112)	[illegible]
FT-SE Index (*1849)	[illegible]

June 10 Total Contracts 32,189 Calls 24,023 Puts 8,166
FT-SE Index Calls 1211 Puts 992
*Underlying security price.

Traditional Options

- First dealings May 31
- Last dealings June 2
- Last declarations Sept 1
- For Settlement Sept 12

For rate indications see end of London Share Service

Dealers reported a lively business in the Traditional; option market. Stocks to attract money for the call included A & M Group, Tyndall Holdings, TSB, Pilkington, Holmes Protection, Plessey, Anglo United, Wilshaw and Coloroll. Puts were arranged in London Securities, J. Jarvis and Singer and Friedlander, but no double options were reported.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (178).

AMERICANS (15) CANADIANS (4) BANKS (3) BREWERS (3) BUILDINGS (12) CHEMICALS (6) STORES (4) ELECTRICALS (13) ENGINEERING (9) FOODS (6) INDUSTRIALS (17) INSURANCE (11) LEISURE (3) MOTORS (3) NEWSPAPERS (1) PAPERS (4) PROPERTY (20) SHIPPING (2) TEXTILES (3) TRUSTS (24) OILS (9) OVERSEAS TRADERS (2) PLANTATIONS (2) MINES (8).

NEW LOWS (10).

BUILDINGS (1) McAlpine (A.), ELECTRICALS (2) Neotronics Tech., Telecomputing, FOODS (1) Appletree Hldgs., INDUSTRIALS (1) Assoc. Br. Eng., MOTORS (1) BTS, PROPERTY (3) Ewart, Five Oaks Invs., Union Square, MINES (1) Greenwich Res.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included 2

Corp of London 3½% Deb Stk 83/93 - £73 (8Je88)
Greater London Council 6¾% Stk 90/92 - £91½
Birmingham Corp 3½% Stk 1946(or after) - £25 (6Je88)
Leeds(City of) 13½% Red Stk 2006 - £124 (3Je88)
Manchester Corp 3% Red Cons Stk 1926(or after) - £28 (3Je88)
1881 3% Red Stk 1941(or after) - £29 (8Je88)
Salford Corp 5¾% Red Stk 86/88 - £98½ (6Je88)

Foreign Stocks, Bonds, etc—(coupons payable in London)

Bass PLC 4% Cum Prf £1 - 42 (8Je88)
7% Cum Prf £1 - 73½ (6Je88)
3¾% Deb Stk 87/92 - £81½
8¾% Deb Stk 87/92 - £94 ½
4½% Uns Ln Stk 92/97 - £65
7½% Uns Ln Stk 92/97 - £85 9
Bass Investments PLC 8% Uns Ln Stk 85/90 - £90½ (7Je88)
7½% Uns Ln Stk 92/97 - £85½ (7Je88)
Boddington Group PLC 9¾% Cnv Uns Ln Stk 2000/05 - £153 6 7
Buckley's Brewery PLC 5½% Cum Prf £1 - 60 (7Je88)
Bulmer(H.P.)Hldgs PLC 9¾% Cum Prf £1 - 110 (7Je88)
8¾% 2nd Cum Prf £1 - 116½ ½ ½ ½‡ 22½‡ ½‡
Everards Brewery Ld 6% Cum Prf £1 - 50 (7Je88)
Fuller,Smith & Turner PLC 8% 2nd Cum Prf £1 - 110½ (7Je88)

Pennant Group PLC Ord 2p (Ex Div) - 24
Scott Pickford PLC New Ord 10p (Fp/LA-1/7/88) - 24½

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Abitibi-Price 925♦ (6/6)
Acorn Securities 14,15,A$0.281
Air Express International £10⅛ (8/6)
Algoma Steel Corp 910 (3/6)
*Allstate Explorations 15♦A$0.301 (6/6)
Amatil 412♦
America Barrick Resources Corp Com NPV £12½♦ (7/6)
Ampol Exploration A$3.0♦3.05♦A$3.2,3¼,3.3 (7/6)
Amsterdam Rotterdam Bank £18 95♦FL67 6.68½,70
Anglo-Alpha Ord 235♦ (3/6)
Aust. Development 94♦A$2.006 (6/6)
Aust. Foundation inv A$1.415 (3/6)
Bass Strait Oil & Gas A$0.148 (8/6)
Beach Petroleum 16 (7/6)
Beverly Enterprises 55¼♦
Black Hill Minerals A$0 081
Bligh Oil & Minerals A$0.562♦P25 (7/6)
Brascan "A" NPV £11⅞♦ (7/6)
Brown-Forman Inc Class 'B' £27.52
Central Norseman Gold A$1 17
Central Victorian Gold Mines 10♦A$0.171 (6/6)
Churchill Resources 6♦ (8/6)
City Developments S$3.34 (3/6)
Cold Storage (Malaysia) BHD S$3 89 (7/6)
Community Psychiatric Centers $22.525♦
Conex Aust 2♦A$0.051
Daicel Chemical Industries Y930.54 (8/6)
Derex S$8.45
Du Pont (E I) De Nemours $85.54♦86.54♦
Eastcourt Ord 19 (3/6)
Emu Hill Gold Mines 5♦A$0.091 (8/6)
Enterra Corp $6¼♦
Eurocan Ventures 28♦ (7/6)
Free State Cons Gold Mines $9⅜,½,R28 4,28.6,28¼
Generale Occidentale FR713.16♦ (6/6)
Golconda Minerals A$0.299
Gold & Mineral Exploration A$0.303♦ (7/6)
Golden Valley Mines 16♦A$0.352
Great Eastern Mines A$0.051 (8/6)
Greenbushes Tin A$1.07 (6/6)
Greenvale Mining A$0 199 (3/6)
Groupe Bruxelles Lambert BF3221.32 (7/6)
Hang Lung Development 37
Haoma North West 2½
Hexel Corp $33¼♦54.61♦ (8/6)
Hill 50 Gold Mines 74 (7/6)
Holiday Corp $24⅞♦
Hooker Corp A$2.372
Hunter Resources 18♦A$0.448
Japan Radio Co Y1516.67,1517½
Jennings Properties A$0.682 (6/6)
Jones (David) A$9.445
Kerr Addison Mines C$22 455 (3/6)
Keystone International $19⅛♦ (3/6)
Killinghall Tin (Malaysia) Berhad Ord M$2.679♦M$2.785 (6/6)
Kuala Sidim Rubber M$1.8
Kulim Malaysia Ord 25
Lee Hing Development H$2⅛ (8/6)
Loral Corp $35.614♦
Malayan Credit $51.48 (2/6)
Malaysian Airline System M$6.2316 (8/6)
Matsushita Electric Industrial Y2530,2535
McCarthy Group 128♦ (6/6)
Mid-east Minerals 10♦ (8/6)
Mitsubishi Heavy Inds Y771.7,780
National Convenience Stores $9⅝♦
National Electronics (Consolidated) 36 (8/6)
Nationale-Nederlanden CVA FL59 4,59¾,59 8
Niugini Mining 170♦A$3 881,3.887 (8/6)
North Flinders Mines A$8½ (8/6)
Oceaneering Int 125 (8/6)
Oil Search 60♦08,60 A$1.425
Overseas Chinese Banking Corp 160♦
Palabora Mining $10¼♦ (7/6)
Pan Australian Mining A$2.45,2½ (8/6)
Pargesa Hldgs SF 1530 (3/6)
Petro Energy 1♦ (8/6)
Place Resources 25
Poseidon 10♦♦105,A$2.439,2 442
Regal Hotels (Hldgs) 21½♦15 (7/6)
Regent Mining A$0 157
Royex Gold Mining Corp 235♦ (3/6)
Schering-Plough Corp $53.075♦ (7/6)
Selangor Coconuts 31♦ (7/6)
Sky Line Explortn 697½
Societe Nationale Elf Aquitaine FR328♦30♦FR329.38,9.40,2.3,5
Source Perrier FR865♦FR875,900
Sumitomo Metal Industries Y1567 (6/6)
Sun Electric Corp $16 65♦16 71♦
Sun Hung Kai Properties 78♦H$11.7,11.75
Target Petroleum Ord A$0.301 (8/6)
Target Petroleum 5
Teck Corp'A' 750 (3/6)
Vulcan Minerals 27♦ (8/6)
Westfield Minerals 105 (3/6)
Westralian Sands 80 (6/6)
Wharf Hldgs H$7.3♦H$7.6,7.7,7.8
Zanex 1 (3/6)

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

Alliance Trust 32,4 (7/6)
Allro Group 123½,6½ (8/6)
Amalgamated Metal Corporation 48,50
Berwick Group 32,5 (8/6)
Carrs Milling £50⅝ (7/6)
Daily Telegraph 125 (7/6)
Dart Valley Light Rlwy 210 (7/6)
Dolphin International 29
Eastbourne Wtrwks 550,5,75
Exchem 67
Five Arrows 415
Flightspares 875
Greenstar Hotels 71,2
Guernsey Gas Light 525 (7/6)
Guiton Group 130 (6/6)
Hartley Baird 64,7 (3/6)
Jennings Bros 259 60 (6/6)
Le Riches Stores 360,72 (7/6)
London Wall Holdings 240,5.
Mid-Kent Water 30 (8/6)
Newbury Racecourse £2000 (8/6)
Severn Valley Railway 70 (6/6)
Southern Newspapers 340.5,50
Sutton Harbour Improvement 7 (6/6)
Thwaites 810 2 (7/6)
Wistech 62,3 (7/6)

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid	Offer	+ or -	Yield
Growth & Income	152.2	162.3	+0.0	3.49
Capital	250.2	265.2	+1.0	2.99
Balanced	413.9	438.7xd	+1.6	3.36
Accumulator	637.9	676.2	+2.2	3.17
Income Trusts				
American Income	27.3	29.1		4.16
High Income	297.7	315.6	+0.2	4.70
Equity Income	176.7	187.3	-0.8	4.17
High Yield	173.9	184.3xd	+0.4	5.01
Govt Securities	30.4	31.5		7.78
International Trusts				
Amer Spec Sits	59.6	63.5	-0.1	1.67
European Growth	17.6	18.7	+0.2	1.34
International	90.7	96.6	+0.2	1.02
Japan	142.9	152.2	-0.8	0.01
Pacific	223.2	237.7	-1.2	0.20
Sect of America	183.6	192.3xd	-0.6	0.89
W'wide Asset Val	26.6	28.3		1.06

Bishopsgate Progressive Mgmt. Co
15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	£15.04	15.87	-	1.36
Progressive Acc	£21.11	22.28	-	1.36
International Inc	£15.07	15.91	-	1.77
International Acc	£18.69	19.73	-	1.77
Can & Foreign Inc	180.3	198.3	-	0.96
Can & Foreign Acc	200.9	212.0	-	0.96
Special Sits Inc	158.8	168.0	-	2.44
Special Sits Acc	158.8	168.0	-	2.44

Brewin Dolphin Unit Tst Mngrs Ltd
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	183.0	194.7	----	1.00
Brewin Dividend	98.5	104.8	----	5.82
Brewin Int Gth Inc	208.9	222.3	----	3.31

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday June 9 1988

Property	+ 27.76
Food Manufacturing	+ 20.13
Leisure	+ 30.18
Mining Finance	+ 18.48
Overseas Traders	+ 17.70
Contracting, Construction	+ 15.88
Investment Trusts	+ 33.91
Shipping & Transport	+ 13.42
Brewers and Distillers	+ 13.40
Insurance(Brokers)	+ 12.41
Financial Group	+ 32.18
Agencies	+ 12.17
Oil & Gas	+ 93.48
Electronics	+ 91.37
Mechanical Engineering	+ 31.06
Merchant Banks	+ 91.00
Insurance(Composite)	+ 10.38
Conglomerates	+ 9.07
Telephone Networks	+ 8.86
All Share Index	+ 8.75
Capital Goods	+ 9.22
Metals & Metal Forming	+ 8.86
500 Share Index	+ 8.37
Insurance(Life)	+ 8.18
Health & Household Products	+ 8.07
Industrial Group	+ 7.88
Other Groups	+ 7.83
Building Materials	+ 7.48
Consumer Group	+ 7.21
Banks	+ 6.29
Motors	+ 6.28
Other Industrial Materials	+ 5.94
Electricals	+ 4.80
Publishing & Printing	+ 2.04
Chemicals	+ 1.06
Textiles	+ 0.83
Packaging & Paper	- 0.27
Stores	- 2.35
Food Retailing	- 3.28
Gold Mines Index	- 24.39

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	88	14	11	428	71	66
Corporations, Dom. and Foreign Bonds	0	17	36	67	43	155
Industrials	417	323	825	2,126	1,566	4,117
Financial and Props	200	104	353	925	487	1,869
Oils	30	22	55	157	118	256
Plantations	2	2	9	12	3	50
Mines	27	60	104	202	270	483
Others	94	72	104	357	288	706
Totals	858	614	1,497	4,274	2,846	7,702

BANK RETURN

BANKING DEPARTMENT	Wednesday June 8, 1988	Increase (+) or decrease (-) for week
	£	£
LIABILITIES		
Capital	74,553,000	
Public Deposits	77,321,973	- 3,358,475
Bankers Deposits	7,242,817,486	+ 19,299,921
Reserve and other Accounts	2,287,768,214	+ 467,715,050
	3,622,260,673	+ 483,658,496
ASSETS		
Government Securities	713,082,817	- 3,825,937
Advance and other Accounts	747,725,636	+ 100,307,745
Premises Equipment & other Secs	2,753,037,982	+ 391,478,896
Notes	8,106,385	- 4,865,463
Coin	303,871	+ 63,158
	3,622,260,673	+ 483,658,496
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	13,811,893,615	- 275,134,537
Notes in Banking Department	8,106,385	- 4,865,463
	13,820,000,000	- 280,000,000
ASSETS		
Government Debt	77,018,100	
Other Government Securities	6,970,787,004	+ 531,108,618
Other Securities	6,838,197,896	- 811,708,618
	13,820,000,000	- 280,000,000

FT UNIT TRUST INFORMATION SERVICE

Target Trust Mngrs Ltd
Target Hse, Gatehouse Rd, Aylesbury Bks 0296 394000

American Eagle	60.6	64.6xd	-0.1	1.28
Australia	8.1	8.6	-0.1	0.10
Commodity	80.8	85.9	-0.4	1.05
Convertible	149.4	159.0	-	5.50
Equity	143.5	152.9xd	-1.3	3.21
Euro Spec Sits	78.0	82.7	-	1.31
Financial	31.0	33.0	+0.1	2.91
Global Opps Inc	57.4	61.1	-	-
Global Opps Acc	57.4	61.1	-	-
Gold Income	54.3	57.9	-0.6	0.86
Gold Acc	100.0	106.5	-1.8	0.86
Income	107.0	113.8xd	-0.6	3.54
Japan	177.2	195.3	-0.2	0.10
Pacific Income	114.3	121.8	-0.3	0.87
Pacific Rr Inv	142.0	151.3	-0.3	0.87
Preference Share	25.2	26.8	-0.1	6.82
Special Sits	99.9	106.2	+0.2	0.50
Technology	41.4	44.1	-	0.10
UK Capital	89.3	95.1	+0.6	1.28
World Income	51.0	54.3	+0.1	3.22
Worldwide Capital	145.5	155.0	-	1.15
Equity Exempt	109.9	117.0xd	-	3.56
Equity Exempt Acc	210.6	224.2	-	3.56

Templeton Investment Management
20 Copthall Avenue, EC2R 7PA. 01-588 6064

Intl Pen & Ch'ties	87.7	91.4xd	-	-

Thornton Unit Managers Ltd
33 Cavendish Sq., London W1M 7HF 01-493 7262
Dealing 01-493 6545

American Opps	37.2	39.7	-0.2	1.38
(Accum Units)	38.1	40.6	-0.1	1.38
European Opps	42.3	45.1	+0.7	1.06
Far Eastern Opps	82.1	87.6	-	0.46
(Accum Units)	82.3	87.8	-	0.46
Golden Opps	34.8	37.1	+0.3	1.39
Intl Hi-Yield	43.0	45.9	+0.0	4.27
Japanese Opps	58.9	62.8	-0.5	0.89
(Accum Units)	58.9	62.8	-0.5	0.89
Kangaroo	30.7	32.7xd	+0.1	1.36
Oriental Income	28.0	29.9	-	2.07
(Accum Units)	28.5	30.4	-	2.07
Pacific Technology	51.0	54.4	-0.7	0.00
(Accum Units)	51.0	54.4	+0.7	0.00
Tiger	79.6	84.9	+0.3	0.50
(Accum Units)	80.4	85.8	+0.3	0.50
UK Hi-Yield	41.6	43.7xd	+0.1	8.57
Accum Units	44.3	47.3xd	+0.1	8.57
UK Opps	46.1	49.3	+0.1	1.96

J. Rothschild Fund Managers Ltd—Contd.

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)

AA Friendly Sy May 13	-	139.4	+4.5	-

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	234.5	246.9	-	-
Equity Ser. 1	117.4	123.6	-	-
Prop. Acc. Ser 2	339.7	357.6	-	-
Equity Ser 2	129.8	136.7	-	-
Selective Acc	279.9	294.7	-	-
Prop. Ser 4	267.8	281.9	-	-
Equity Ser 4	132.4	139.4	-	-
Fixed Int. Ser. 4	213.1	224.4	+0.4	-
Indexed Inv. Ser. 4	120.3	126.6	+0.2	-
American Ser. 4	251.1	264.4	-2.1	-
High Inc. Ser. 4	370.6	390.2	+1.8	-
Japan Ser 4	280.8	295.6	+0.5	-
Man. Ser. 4	368.7	388.2	+0.1	-
Money Ser 4	215.4	226.8	-	-
European Ser 4	91.4	96.3	+0.9	-
Pension Funds				
Property	450.5	474.3	-	-
Equity	935.7	985.0	-1.7	-
Selective	298.1	313.8	-	-
Managed	667.9	703.1	-1.1	-
Security	394.1	414.9	-	-
Fixed Inc	237.3	249.8	+0.4	-
European	124.5	131.1	+1.7	-
American	203.9	214.7	-2.7	-
Japan	301.9	317.8	-1.0	-
Indexed	127.5	134.3	+0.2	-
International	139.6	147.0	-0.3	-
Ethical	98.7	103.9	+0.0	-
High Income	98.8	104.1	+0.5	-

Abtrust Management Ltd
20, Chiswell St, London, EC1Y 4TY 01-374 6801

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

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FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	99	Treas. 9½pc '88	100	—	9.47	8.39
102	101	Treas 11½pc 1989	101	+	11.29	8.53
101	99	Treas 9½pc Cnv 1989	100	+	9.44	8.69
97	95	Treas 3pc 1989	97	+	3.10	6.48
102	100	Treas 10½pc 1989	101	+	10.33	8.71
102	100	Exch 10pc 1989	101	+	9.88	8.87
103	101	Exch 11pc 1989	102	+	10.73	8.86
97	95	Treas 5pc 1986-89	96	+	5.17	7.52
104	101	Exch 10¼pcCv '89	102	+	9.99	8.20
107	105	Treas 13pc 1990‡‡	106	+	12.27	8.88
104	102	Exch 11pc 1990‡‡	103	+	10.07	8.93
107	105	Exch. 12½pc 1990	105	+	11.83	8.94
93	91	Treas. 3pc 1990	93	+	3.23	6.96
99	96	Treas 8¼pc 1987-90‡‡	99	+	8.31	8.67
102	98	Treas. 8pc Cv 1990 ‡‡	100	+	8.00	7.97
103	100	Treas. 10pcCv 1990	102	+	9.80	9.01
91	88	Exch 2½pc 1990	90	+	2.77	6.90
107	105	Treas 11¾pc 1991	106	+	11.09	9.08
95	92	Funding 5¾pc '87-91‡‡	94	+	6.12	8.18
90	87	Treas. 3pc 1991	89	+	3.37	7.25
105	101	Treas 10pc Cv '91 ‡‡	103	—	9.70	8.85
107	104	Exch. 11pc 1991	105	+	10.43	9.08
98	95	Treas. 8pc 1991	97	+	8.25	9.03
113	109	Treas 12¾pc 1992‡‡	111	+	11.49	9.10
104	101	Treas 10pc 1992	102	+	9.74	9.11
98	94	Treas. 8pc 1992 ‡‡	96	+	8.28	9.05
106	102	Treas 10½pc Cv 1992‡‡	104	+	10.07	9.16
86	83	Treas. 3pc 1992	85	+	3.51	7.26
112	108	Exch. 12¼pc '92	110	+	11.11	9.23
117	113	Exch 13½pc 1992	114	+	11.77	9.24
40	38	Treas. 8¼pc 1993 (40)‡	39	+	8.55	9.19
105	100	Treas 10pc 1993‡‡	103	+	9.70	9.18

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
28⅞	22¹⁄₁₆	TRW Inc. 62½c	26¼	+⅛	$1.60	—	3.3
26½	21¼	Tenneco $5	25⅞	−¹⁄₁₆	$3.04	—	6.4
28⅝	19⅞	Texaco $6 25	28⅛		♦$3.00	—	5.8
52¹⁄₁₆	43¾	Time Inc. $1	52½xd	+¹⁄₁₆	$1.00	—	1.1
20⅛	15⅞	Transamerica $1	18⅝	−⅛	$1.84	—	5.4
10⅛	754p	Transworld Corp $5	941p	−12	20c	—	1.2
20¼	14½	TRINOVA Corp.	16¼xd		56c	—	1.9
19	15⅛	USX $1	17¹⁄₁₆	−¹⁄₁₆	$1.20	—	3.7
23	17⅛	Utd. Technologies	21⅞xd	+⅛	$1.60	—	4.0
31⅛	26¼	US West	30⅛		$3.52	—	6.3
21¼	16¾	Waste Management $1	19⅝	−¼	36c	—	1.0
16¼	12⅞	Whirlpool $1	15		$1.10	—	4.0
32¹⁄₁₆	18¼	♦Woolworth $3½	28⅞	+⅛	$1.64	—	3.1

CANADIANS

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	190p	ABM Gold Corp	197p	−6	—	—	—
32p	11p	♦Abbot Energy Corp.	24p		—	—	—
14¼	990p	♦Amer. Barrick Res.	12⅛	+½	—	—	—
10p	3½p	American Lightwave	7p		—	—	—
47p	19p	♦Armeno	28p		—	—	—
76p	45p	Asamera Expln.	65p		—	—	—
12¼	10⅝	Bk. Montreal	12⅛	+⅛	$2.00	—	7.3
598p	514p	Bk. Nova Scot.	598p	+16	76c	—	5.6
17½	15¼	BCE	16¼xd	−¼	$2.44	—	6.4
716p	591p	♦Bow Valley	638p	−17	♦40c	—	2.8
12⅛	10½	♦Brascan	11⅞		88c	—	3.3

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

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LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	68	......
Craig & Rose £1 γ	670	......
Finlay Pkg. 5p γ	77	......
Holt (Jos) 25p γ	£21½	......

IRISH

Nat. 9¾% 84/89	£101	......
9pc Cap Ln. 1996	£98¼	......
Fin. 15% 97/02	£118¼	......
Arnotts γ	370	+30
CPI Hldgs. γ	116	+6
Carroll Inds. γ	152	......
Hall (R. & H.)	160	......
Helton Hldgs. γ	43	......
Irish Ropes γ	165	-5
Unidare γ	400	+5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	34
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit. Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons.	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	35
Grand Met.	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	35
Lex Service	35
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk.	37
Morgan Grenfell	30
NEI	10
Nat West Bk.	52
P & O Dfd.	52
Plessey	16
Polly Peck	30
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl.	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property	p
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils	p
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	5
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines	p
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the *London Stock Exchange Report Page*

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES

Weekend June 11/June 12 1988

Rees-Mogg made life peer in honours list

BY CHARLES HODGSON

SIR William Rees-Mogg, newly-appointed chairman of the Broadcasting Standards Council, is one of four life peers created in the Queen's Birthday Honours list announced today.

Sir William, 59, chairman of the Arts Council and former editor of The Times, was chosen last month to head the broadcasting body designed to curb sex and violence on television, amid fears of tighter government controls on the media.

Mr Robert Alexander QC, chairman of the Takeovers and Mergers panel, is also made a life peer in the honours list, which contains the customary mix of awards for leading figures in industry, finance, politics and public service as well as the arts and sport.

Among the 679 awards are knighthoods for Mr Peter Miller, the former chairman of Lloyd's, Mr Peter Holmes, chairman of Shell Transport and Trading, and Mr Antony Fisher, one of the founders of the Institute of Economic Affairs.

Sir Kenneth Berrill, until recently chairman of the Securities and Investments Board, and Sir Robin Ibbs, director of Lloyds Bank and adviser to Mrs Margaret Thatcher on efficiency in Government, are given more senior knighthoods.

Mr Anthony Loehnis, executive director of The Bank of England, becomes a CMG, while Lord Carrington, the outgoing Nato Secretary-General, becomes a GCMG.

Life peerages are awarded to Lord Alexander Mackenzie Stuart, who is to retire in October as president of the European Court of Justice in Luxembourg, and Professor Sir John Butterfield, former Regius professor of Physic at Cambridge University. Lord Mackenzie Stuart's present title is a courtesy title deriving from his position in the Scottish judiciary.

Among 55 political awards are knighthoods for five long-serving Conservative backbenchers, Mr Nicholas Fairbairn, MP for Perth and Kinross, Mr Michael McNair Wilson, MP for Newbury, Mr Hal Miller, MP for Bromsgrove and former vice-chairman of the Conservative Party, Mr John Stokes, MP for Halesowen and Stourbridge and Mr Dennis Walters, MP for Westbury.

Mr Cyril Smith, the Social and Liberal Democrat MP for Rochdale, who is to retire at the next election, is also awarded a knighthood. Mr Tim Clement-Jones, former chairman of the Liberal Party and campaign manager for Mr Paddy Ashdown's bid for the SLD leadership, is made a CBE.

Mr Gavin Laird, general secretary of the Amalgamated Engineering Union, is also made a CBE.

Other knighthoods go to Mr Peter Imbert, commissioner of the Metropolitan police and Mr Aaron Klug, the Nobel prize-winning molecular biologist.

Two senior ministers of state, Mr John Cope for Employment, and Mr Peter Morrison, for Energy, receive the customary elevation to Privy Counsellor.

Leading figures in industry to be honoured include Mr Philip Wilkinson, deputy chairman of National Westminster Bank, Mr Norman Wakefield, chairman of Y J Lovell, and Mr Reo Stakis, chairman of the Reo Stakis Organisation, who are knighted.

Among those made CBE are Mr Edward Bavister, chairman of John Brown Engineers, Mr Ian Chapman, chairman of William Collins, Mr Herbert Cornish, chairman of Lin Pac and Mr John Bass, director of research at Plessey.

In the arts, there are knighthoods for Mr William Golding, the novelist, and Mr Harrison Birtwistle, the composer. Miss Beryl Grey of the London Festival Ballet becomes a Dame Commander of the British Empire, and there are CBEs for Mr Michael Bryant, the actor, and Miss Valerie Masterson, the opera singer.

Among media awards are CBEs for Mr Norman Macrae, deputy editor of the Economist, and Mr Patrick Moore, the astronomer and broadcaster who has presented the BBC's Sky at Night programme for 30 years.

In the sporting world, Professor Raymond Brooks is made an MBE for his research into drug use in sport and Mr Steve Davis, the world snooker champion, Miss Laura Davies, the golfer, and Miss Sally Haynes, vice-president of the British Paraplegic Sports Society are awarded OBEs.

Honours are also awarded to three medical staff who treated casualties after the IRA bomb attack at Enniskillen, Northern Ireland, in November.

Honours list, Page 5

Hoare Govett to sell private client side

By Richard Waters

HOARE GOVETT, the stockbroking subsidiary of the US bank Security Pacific, is selling its private client business.

The decision, confirmed yesterday, heralds the largest divestment so far of a broking operation since bank/broker conglomerates were assembled in the run-up to Big Bang.

Hoare Govett has about 300 staff on the private client side operating from offices in London, Glasgow and the Channel Islands. Private client business employs between a quarter and a third of the broker's total staff.

Intense speculation has surrounded the future of Hoare Govett's retail broking and investment management business in recent weeks.

Other banks have already sold or simply passed on the personal business they acquired with their stockbrokers – a route taken by Shearson Lehman and ANZ earlier this year.

"The retail side of the business does not fit with the objectives of Security Pacific's merchant banking business," Mr Brian Banghan, head of Hoare Govett's private client side, said.

"We shall be extracting ourselves one way or another."

He added that the private client business was unable to support its share of the central overheads of a large organisation.

This had started to become clear as early as Big Bang in October 1986. Last autumn's stock market crash, which drastically reduced the volume of business and with it commissions, had confirmed the view.

However, Mr Banghan said the business would still return a profit if it were freed from the overheads of its parent.

Hoare Govett said that more than one institntion had expressed an interest in buying the business. A spin-off which would leave no single investor with control was also a possibility.

The sale is being handled by Hoare Govett's corporate finance department and is expected to be completed within six months. Brokers in rival firms claim that an auction of the business has been underway for some time, and that as many as 15 institutions have offered to buy it.

Background, Page 4

Government may retain 49% stake in water and electricity

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT may initially retain a sizable minority stake in the electricity and water industries when they are sold off from the end of next year.

An option being considered in Whitehall is that only 51 per cent of the shares might be sold in some or all of the electricity and water privatisations.

This would avoid overloading the stock market while ensuring majority control in the industries went to the private sector before the earliest likely date of the next general election in spring or summer 1991.

Such a partial flotation would be similar to the offer of 51 per cent of the shares in British Telecom in late 1984 but would represent a significant departure from all subsequent privatisations, such as British Gas and British Airways, when all shares were sold.

Mr Nigel Lawson, the Chancellor, has raised the partial sale option in a paper circulated in recent days to the Cabinet committee on privatisation.

Other options on the timing and method of the sales are being considered and no decisions have been taken.

The airing of the partial privatisation option has surprised some ministers, though the Treasury does not regard it as a major departure given the scale of the proposed sales.

A number of the Government's City and official advisers have expressed concern about the possible impact on the market of such a concentration of sales, especially given the fragile state of share prices since last October's collapse.

The problem for the Treasury is the tight timetable for the flotations and the limited scope for changes if a controlling interest is to be sold before the next election.

The current plan is that, provided the necessary legislation can be passed in the 1988-89 parliamentary session, the 10 water authorities will be sold, possibly in a single offer, at the end of next year.

Flotation of the 12 area electricity distribution companies would follow in the first half of 1990, with one of the two generating companies to be formed out of the Central Electricity Generating Board being floated that autumn, and the other generating company being sold in spring 1991.

One snag with complete privatisation would be possible limits on the extent to which the payments could be phased in tranches.

At present this is done over two or three financial years but the market might be reluctant to accept a spread over the longer period which would be necessary given that electricity and water together might raise £20bn to £25bn.

The Treasury's current annual target for proceeds is £5bn.

Any decision to limit the initial flotation to 51 per cent of the shares would not create any problems in meeting this target for the foreseeable future because even partial sales would be certain to raise substantial amounts of money.

The Treasury has already virtually tied up the £5bn target for the current financial year, with the initial proceeds from the proposed £2bn British Steel flotation expected during the winter.

The main uncertainty is about when the Government's remaining 49 per cent stake in British Telecom will be sold, in view of the continuing controversy over the company's performance and the official review next year of BT's duopoly with Mercury in the core telecommunications business.

Bricom staff in £359m buy-out

BY DAVID WALLER

BRITISH & Commonwealth Holdings yesterday announced the sale of Bricom, its transport and commercial services division, to management and employees for £359m.

The long-awaited disposal leaves B&C as a financial services group, in line with the strategy outlined by Mr John Gunn when he became chairman of the former shipping company in October 1986.

The transaction is the UK's second largest management buy-out. The largest was the £717m purchase of MFI Furnishing Group from the Asda superstore group last October.

The Bricom buy-out was concluded at 4am yesterday after several months of negotiations.

Mr Julian Lee, Bricom's chief executive, and 10 senior directors have subscribed a total of £500,000 to give them 7½ per cent of the equity element of the purchase price.

A further 7½ per cent of the shares will be offered to 80 Bricom managers and 1,100 members of staff.

Mr Gunn said he was not surprised B&C had not received a serious offer from another party, given the complexity of the businesses under the Bricom umbrella.

Stockbrokers said B&C had secured a generous price for an agglomeration of businesses that would have been impossible to sell as a whole to another buyer.

Bricom encompasses about 300 companies in 40 countries, loosely grouped into 20 business categories. In 1987, it contributed £32.2m to B&C's pre-tax profits of £130.9m.

The disposal price is pitched at 19.6 times last year's earnings, and represents a 71 per cent premium over Bricom's net tangible assets. It leaves B&C free of all but long-term debt.

Mr Gunn said B&C was in a position to make further acquisitions in the financial services sector.

These would be targeted at the US fund management sector following B&C's purchase of Oppenheimer as part of its £550m acquisition of Mercantile House last September.

Professional fee-based services could ha expanded to complement the activities of Abaco, bought in January this year for £189m.

He refused to comment on speculation that B&C was interested in acquiring Singer & Friedlander, the financial services group, or Tyndall Holdings, an Antipodean fund manager with a London listing.

B&C retains the option to hold an initial 20 per cent stake in Bricom.

Its shares closed down 6p to 268p yesterday.

The multi-layered financing for the acquisition was arranged by Baring Capital investors; Standard Chartered Bank structured the £286m debt element.

Advertising agencies merge in £33m deal

By Vanessa Houlder

TWO LARGE quoted UK advertising agencies, Boase Massimi Pollitt and Davidson Pearce, plan to merge as a prelude to an expansion into continental Europe through acquisitions. The merged group, BMP Davidson Pearce, will rank among the top five UK agencies.

Yesterday's announcement follows a spate of takeovers in the US by UK advertising groups in the past few years. However, there have been relatively few British forays into Europe.

The deal takes the form of an agreed £33.1m all-paper bid by the substantially larger BMP for Davidson Pearce. BMP is the seventh largest advertising agency in the UK in terms of billings and is generally regarded as one of the most creative in the industry. Its clients include Courage, the brewer, ICI Dulux, with its paint advertisements, and British Rail.

The group, which also has an American advertising arm and a marketing agency, yesterday announced pre-tax profits of £6.76m in the 15 months to March 31 on turnover of £225m.

Davidson, formed in 1983 by a management buy-out from the American group Ogilvy and Mather, ranks number 17 in the UK in terms of billings. It runs the PG Tips chimpanzee campaign for Brooke Bond and also works for Marks and Spencer. However, it has only recently recovered from a string of account losses last year which held profits back to £3.45m before exceptional items.

BMP is particularly strong in television work while Davidson is prominent in press advertising.

Mr Martin Boase, chairman of BMP, said the broader client base prodnced by a merger would improve the new organisation's negotiating muscle when making acquisitions in Europe and settling media rates. It would also offer economies of scale.

Mr Boase added that the merger would create one of the largest marketing services company in the UK.

The deal has the backing of directors, employees and former employees holding 30.3 per cent of Davidson's shares. BMP's bank, S.G. Warburg, was believed to have bought a further 14.9 per cent of Davidson Pearce's share capital in the market yesterday.

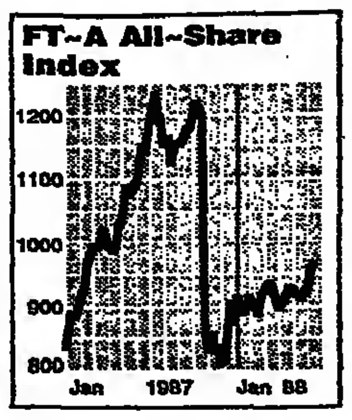
The offer is 573 shares in BMP for every 1,000 shares in Davidson. On the basis of last night's closing prices, this values each Davidson Pearce share at about 160p. Davidson Pearce shares moved up from 136p to close at 151p last night, while BMP's share price was unchanged at 279p.

THE LEX COLUMN

London lags the world

While the London equity market ended higher for the third week running, its performance is beginning to look distinctly lacklustre compared with the recent strength of many of the world's other leading hourses. Outside London, where speculative issues have dominated trading, volume has been rising and the calmness in the foreign exchange markets has been matched by a more confident mood among investors. The Tokyo market, which has risen by almost a third since the start of the year, is in a world of its own, but there is a growing belief that many of the world's other stock markets are poised to break through their post-crash peaks.

FT Index rose 4.5 to 1468.2



As is often the case, nothing much has changed, apart from sentiment. The key to this week's strength of European stock markets has been Wall Street. It has been underpinned by a feeling that the dollar may have turned, and the surprising resilience of the local bond market. If next week's US trade figures for April show a deficit of less than $12bn say, then the knock-on effect on share prices could be significant, which would be good news for London.

London and New York have been locked in a fairly narrow trading range for over six months now, and any upward break out of these ranges could force some of the institutional cash which has been piling up on the sidelines into the market. However, it would be dangerous to read too much significance into any such rally, however welcome it may be. True, double digit corporate profit growth seems assured on both sides of the Atlantic this year, but the uncertainties about the US Presidential election outcome and the economic outlook for 1989 are likely to ensure that the market's new-found confidence is short-lived.

B&C

B&C is not taking any chances on Bricom. On the face of it, £359m already looks a very good price for getting rid of a corporate mess of Bricom's complexity. But even if the future performance of the company proves the price cheap rather than dear – not impossible, given the quality of the management mounting the buy-out and the scope of the restructuring now in hand – B&C is still in with a 22.5 per cent stake.

In historic terms, this price looks fine indeed – the exit p/e of 19.6 times compares with an average of around 14 times for other industrial holding companies – while even a prospective rating of 13 to 15 times earnings is not bad going for a business which has already had some attractive bits stripped out of it. Even the five per cent earnings dilution cited yesterday by chairman John Gunn should not worry shareholders too much; his figures assume that the proceeds of the sale are left lying around at the bank, which must rank as a fairly naive assumption.

Mr Gunn must be itching to spend some of that money on the group's property development activities; and whatever he says, he must be looking hard at Singer & Friedlander as a neat fit with B&C's own merchant banking operation. For the moment, though, the market seems more worried about B&C's future disposals than its acquisition plans. Despite yesterday's deal, the shares could well remain locked in a spiral of under-performance until the group finally completes the tortured sale of its money-broking operations. After that, there may be no holding them back.

Television Companies

Investors in television companies seem to view the latest industry scare with the sort of calm to be expected from those raised on an unvaried diet of horror films. One might have thought the sight of Alan Sugar and Rupert Murdoch joining hands would cause real alarm, given the damage both have done to the status quo in their own industries. Until this week, satellite TV was one of the more distant threats for the UK broadcasting industry. But now Murdoch and Sugar hope to reach a mass consumer market with a satellite that will be cheaper than the alternatives and available sooner. Although the project is risky, the record of its backers means it must be taken seriously.

Nevertheless, investors are right to stay cool. Although the venture will almost certainly put pressure on advertising rates, all that is some way off. The first big selling season for the dishes will be Christmas, and the ITV companies are not likely to feel much effect until 1990 and later. To the extent that advertising rates do fall, they will probably be met by lower costs – both through better labour practices and by axing more regional programmes – rather than lower profits.

In any case, by then the industry will have bigger things to worry about, such as the prospect of a fifth terrestrial channel and of competitive tendering for ITV franchises. Already, investors have a heightened perception of these risks. According to Kleinwort Grieveson, the market value of the sector is 5 per cent less than a "worst case" valuation which assumes that the companies lose their franchises altogether in five years' time. A rating like that invites Sugar and Murdoch to do their damnedest.

Davidson Pearce

In the madcap race for position in the European market, odd moves are being made, and the proposed merger between Davidson Pearce and Boase Massimi Pollitt is one of the oddest yet. With the intention of being big enough to make acquisitions in Europe, two stolid UK advertising companies are joining in an alliance that otherwise has little to be said for it. The immediate effect is to create a whole worth less than the sum of its parts, as the client lists of the two companies will clash and some accounts may by lost. Davidson Pearce's shareholders may regard a p/e of barely 12 and an 18 per cent premium over the market price low by comparison to recent deals; and BMP shareholders may not be delighted to accept some earnings dilution in return for a company with a still less racy name than its own.

While the means may be suspect, the end is worth pursuing: the market for advertising in Europe is full of promise, as Saatchi & Saatchi and WPP are discovering. The danger is that those companies, with their heavy purses, will ensure that any continental assets worth having are beyond the means of the new, larger BMP Davidson Pearce.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES						
Abbey Life	342	+ 21		Refuge	468	+ 28
Bass	814	+ 11		STC	274	+ 6
Boots	221	+ 5		Saatchi & Saatchi	418	+ 17
Davidson Pearce	151	+ 15		Sovereign Oil	165	+ 15
Enterprise Oil	468	+ 8		Sun Alliance	979	+ 43
General Accident	954	+ 35		Tate & Lyle	820	+ 22
Lon. & Manchester	309	+ 24		Triton Europe	200	+ 21
LASMO	470	+ 9		United Newspapers	414	+ 5
Metal Box	215	+ 8		Wellcome	549	+ 10
PWS	203	+ 17		FALLS		
Pearl	547	+ 32		Appletree	125	– 15
				Jaguar	264	– 8

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	23	73	Dallas †	F	22	72	Madeira	F	21	70	Prague	F	22	72
Algiers	S	25	77	Dublin	C	14	57	Madrid	F	19	66	Reykjavik	C	8	46
Amsterdam	C	19	66	Dubrovnik	S	24	75	Majorca	F	25	77	Rhodes	C	30	86
Athens	C	28	82	Edinburgh	S	13	55	Malaga	C	22	72	Rio de Janeiro	–	–	–
Bahrain	S	36	97	Faro	F	20	68	Malta	S	28	82	Rome	S	24	75
Barcelona	F	22	72	Florence	F	23	73	Manchester	C	13	55	Salzburg	T	19	66
Belfast	S	18	64	Frankfurt	F	18	64	Melbourne	C	11	52	S Francisco †	F	11	52
Belgrade	F	27	81	Geneva	S	19	66	Mexico City	–	–	–	Santiago	–	–	–
Berlin	C	16	61	Gibraltar	R	19	66	Miami †	S	27	81	Seoul	F	20	72
Biarritz	F	23	73	Glasgow	S	19	66	Milan	F	23	73	Singapore	F	31	88
Birmingham	C	13	55	Guernsey	F	15	59	Montreal †	F	10	50	Stockholm	S	15	59
Blackpool	C	15	59	Helsinki	F	19	66	Moscow	T	18	64	Strasbourg	S	21	70
Bombay	–	–	–	Hong Kong	F	31	88	Munich	F	18	64	Sydney	C	18	64
Bordeaux	S	25	77	Innsbruck	F	25	77	Nairobi	F	25	77	Tangier	R	16	61
Boulogne	C	16	61	Inverness	S	14	57	Naples	S	27	81	Tel Aviv	S	32	90
Bristol	C	13	55	Isle of Man	S	15	59	Nassau	–	–	–	Tenerife	C	22	72
Brussels	C	19	66	Istanbul	S	27	81	Newcastle	S	13	55	Tokyo	C	24	75
Buenos Aires	–	–	–	Jersey	S	18	64	New Delhi	S	38	100	Toronto †	F	16	61
Budapest	F	26	79	Johannesburg	S	11	52	New York †	F	13	55	Tunis	S	28	82
Cairo	S	41	106	Las Palmas	Dr	19	66	Nice	F	22	72	Valencia	C	20	68
Cape Town	S	18	64	Leeds	C	15	59	Nicosia	S	28	82	Venice	C	23	73
Cardiff	C	14	57	Lisbon	F	18	64	Oporto	R	15	59	Vienna	F	24	75
Chicago †	F	11	52	Locarno	F	22	72	Oslo	F	22	72	Warsaw	R	19	66
Cologne	C	19	66	London	Dr	13	55	Paris	F	24	75	Washington †	F	13	55
Copenhagen	S	21	70	Los Angeles †	F	13	55	Peking	R	30	86	Wellington	S	12	54
Corfu	S	29	84	Luxembourg	F	19	66	Perth	S	28	82	Zurich	F	22	72

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Philips to shed 900 jobs at Eindhoven

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics group, is to shed 900 jobs in its consumer electronics division at Eindhoven, in the Netherlands. The redundancies are the largest to be announced by the group at one time in 50 years.

They will be spread across the division's 3,400 white collar jobs, which range from product management to marketing, and most of the cuts will be made next year.

The streamlining, regarded as drastic, is the clearest sign yet of Philips' intention to press ahead with the sweeping plan it unveiled this year to scrap up to 20,000 jobs and close at least 70 factories world-wide.

Dramatic cuts in production costs, particularly in strong currency countries such as the Netherlands, are considered to be essential if Philips is to compete with the Japanese.

Some staff jobs will be transferred to Hasselt and Brugge, Belgium, and to Wetzlar, West Germany, where "international competence centres" are located. These centres deal with compact disc players, colour televisions and car radios and are designed to allow Philips to respond more quickly to changes in its markets.

Europe's largest electronics group has long been criticised for being slow to deliver new products to a market that constantly demands fresh gadgets. Yesterday the company said: "The plans must lead to a considerable shortening of the time between an idea for a new product and its marketing."

The consumer electronics division, which has suffered weak profits for years, is being pressed to reduce costs as well as to improve its marketing position. More redundancies could follow in the division, which employs 55,000 people throughout the world and expects flat operating income in 1988.

Philips has shed more than 4,000 jobs so far this year, most of them in consumer electronics.

Last week Eindhoven was hit by the first strikes at the group's headquarters since the 1930s. Restaurant workers walked out in protest against plans to sell the company's canteens.

Continued from Page 1

Clowes

the Rock between lawyers representing BCI investors on the one hand and James Ferguson Holdings on the other.

Glaisyers, a Birmingham law firm representing abont 100 investors, had been seeking to overturn the order which appointed Ernst & Whinney as provisional liquidators of BCI on behalf of James Ferguson.

The UK's Securities and Investments Board (SIB) which is in close touch with the situation, said last night that the Court had settled the matter by appointing Cork Gully and Ernst & Whinney as joint receivers of the estimated £138m of assets belonging to BCI's investors. They will also act as liquidators of the assets of BCI itself.

The two firms may shed more light on the affair on Monday, when they are due to hold private meetings in London with professional intermediaries who put their clients' money with Mr Clowes.

WEEKEND FT

Weekend June 11/June 12 1988

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The modern Games have climbed down into the market place. **Stephen Aris** describes the struggle for commercial laurels.

The great Olympic soap sell

EXACTLY WHAT Baron Pierre de Coubertin, founder of the modern Olympic Games, would have made of Joergen Lenz, executive vice-president of the Lucerne-based International Sports and Leisure Marketing, is difficult to say. It is possible they would have hit it off, for Lenz is as devoted in his way to the prosperity of the Olympic movement as the baron ever was. In every other respect, though, the two men could not be more different.

The baron was a scholar and an idealist. He was a fervent admirer of the traditional English public school system in general, and Rugby School and *Tom Brown's Schooldays* in particular. By contrast, the worldly Lenz was born in Germany and part-educated in America. He spent 14 years with one of the world's top advertising agencies, McCann Erikson, and six as international marketing director of Adidas, the shoe company.

As the man with the job of selling the Olympic Games on behalf of the International Olympic Committee, Lenz and his organisation are as much a symbol of the modern Olympics as the baron was in his time. The contrast between the two is a measure of how far the movement has travelled over the past 95 years. For the first time in its history, the lordly IOC has climbed down into the market place and, with the help of ISL, is promoting the Olympics as hard as it knows how.

The company, with a total staff of 135, has offices in New York, London, Paris, Tokyo and Munich. Its headquarters are on the shore of Lake Lucerne. From the office of the chief executive, Klaus Hempel, formerly of Unilever and former assistant to the late Horst Dassler, chief of Adidas which owns 51 per cent of ISL, there is a stunning view of the mountains across the lake.

Slim, multi-lingual Swiss secretaries wearing designer jeans and T-shirts, the approved uniform of the international sports business, bustle about; in pride of place on the walls of Lenz's office are not pictures of Olympic superstars but the framed logos of the nine multi-national companies led by Coca Cola, Kodak and Visa which are members of the so-called Top Programme – the marketing package devised by ISL which gives each company the exclusive right in its own product area to market the Olympic rings and all the accompanying paraphernalia.

Lenz acknowledges that he is aiming at a limited market. "I reckon that there are no more than 50 companies in the world who could benefit from the Top Programme," he says. "What we are looking for are those small number of companies whose products sell throughout the world." The trick is to raise the ante by giving each company an exclusive pitch. It's not an original thought; the same technique was used in Los Angeles in 1984. But ISL, nothing if not thorough, has greatly refined the concept.

With 14 weeks still to go before the opening of the games in Seoul on September 17, ISL has already raised $104m (£55.5m) and is looking for a final total of $160m. But that's only for starters. In addition to the money they have paid ISL to buy the rights, the nine companies will probably spend as much again to support their Top Programme promotion. Thus, the overall cost of the Olympic campaign to a company such as Visa will be, so it is thought, more than $25m.

These days the Olympic Games are as much about business as they are about sport. It is not just that the sums involved in mounting and attending the Games grow ever larger – the bill for the British team in 1936 was £9,046 whereas today there will be little change from £3m. More significant is the realisation by multi-national companies of the immense commercial potential not so much of the Games themselves but of the Olympic idea as symbolised by the five interlocking rings. In the topsy-turvy world of marketing what counts is not substance but symbolism, and that is precisely where the Olympics score.

To Juergen Lenz, the beauty of the whole thing is that sport, especially Olympic sport, has worldwide appeal. With an Olympic television audience of 2¼bn, it is a prospect no marketing man could resist. "There are only four things that travel across borders: sports, music, violence and sex," he says. And he adds with a grin: "It's difficult to find sponsors for violence and sex."

It is a message that his customers, for the most part, are eager to hear and quick to respond to. As John Barr of Kodak – which lost out to its great rival, Fuji, in 1984 – told me: "This is one we just had to win. The Olympic Games, like the World Cup, is a classic which gives us a world-wide marketing opportunity."

While Kodak is an old hand at Olympic sponsorship, Visa is a first-timer. As the war between the rapidly expanding credit card companies hots up, Visa seized on the Top Programme as an opportunity both to establish its identity and to steal a march on its better-known rivals – notably American Express. ISL first offered the credit card franchise to American Express as one of the sponsors of the '84 Olympics, but the asking price was too steep and so the prize went to Visa.

But what exactly is Visa getting for its $25m, and is it worth it? Visa has been named as an official sponsor of the Games; its dealers and customers have free tickets, accommodation and privileged access; and, most important of all, the company has the right to use the Olympic rings and the logos of the organising committee and the national Olympic committees (NOCs) on its products across the world. With these cards in its hand, the marketing equivalent of a straight flush, Visa can, or so the theory goes, play a mean game of poker. Just how skilfully these cards are used is up to the 2,000 or so banks that make up the Visa network. Some are more aggressive than others. But according to Sarah Jordan, who handles the European end of the Olympic sponsorship programme for Visa, the investment seems to be paying off.

What Visa is after, she says, is a higher profile and greater customer awareness world-wide. Ever since the Big Push started in March 1986, Visa has been constantly monitoring the results in selected markets – specifically the UK, France, Spain, Sweden and Austria. And in all these countries, so Jordan says, Visa's profile has been rising to the point where it has overtaken American Express and is level pegging with such traditional sponsors as Philips and Kodak.

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The official headquarters of the Olympic movement are to be found at the elegant Chateau de Vidy on the shores of Lake Leman just outside Lausanne. In the grounds there is a museum devoted to the life and works of de Coubertin while the chateau itself houses the president of the IOC, Juan Antonio Samaranch, the former Spanish diplomat, and a staff of 60.

As president and only full-time official of the IOC, Samaranch has enormous power and influence. "The personality of the president is all-important," says Dick Pound, the Montreal lawyer who is a member of the key 12-man IOC executive committee and is already being spoken of as a possible successor to Samaranch, who is due to retire in 1992. In his eight years in office Samaranch, in his unobtrusive way, has transformed the IOC from a bumbling, club-like institution into a much sleeker, more businesslike organisation.

One of the most visible results of the Samaranch revolution has been the emergence of ISL as a major player in the great Olympic game. And the story of how it happened throws a revealing light on the inner workings of the Olympic family which, on close inspection, turns out to be nothing like as harmonious and united as its members like to pretend.

To the outside world the 1984 Olympics in Los Angeles were, in spite of the Russian boycott, a huge success. They received the nickname the Hamburger Games because of the blatantly commercial way in which they were promoted – McDonalds, the hamburger chain, was a major sponsor. It was Peter Ueberroth, a clean-cut, fast-talking Los Angeles entrepreneur who had made his money in the travel business, who set the tone.

Right from the start Ueberroth, as head of the Los Angeles Olympic Organising Committee, pledged that his Games would be different: first, unlike Montreal, whose citizens are still paying off a $1bn deficit, the people of LA would not be asked for a single cent and second, the Games themselves would make money. He achieved both objectives.

Everybody was very happy – with the exception of the IOC which was furious. Not only did Ueberroth slice a massive £71.5m for "service facilities" off the £161m it received from ABC for the US TV rights, a third of which should have gone to the IOC, but Samaranch himself was forced to go begging to the Americans.

The episode still rankles. "What made us so mad," Dick Pound told me in Lausanne, "was that when it looked as if the Games would be a flop because of the Russian boycott, Canada responded to LAOOC's request to send more athletes. We spent an extra $600,000 to cover the cost of this so-called disaster and were never repaid."

After Los Angeles, Samaranch said: "Never again." But even before the '84 Games, the IOC, which was almost bankrupt, was so worried about its dependence on TV money – its only regular source of income – that it had set up a special three-man committee, one of whose members was Dick Palmer, general secretary of the British Olympic Association, to examine ways of raising cash.

Samaranch put his finger on the problem when he said in 1986: "Until now there has only been *one* important source of money for us: TV money. That is too dangerous for the Olympic movemeot. We are trying to get hold of other sources of money."

Samaranch already had an important ally: Horst Dassler, who as head of Adidas had, operating behind the scenes, become even more powerful than Samaranch himself oo the international sports scene. Dassler, who died suddenly, aged 51, in 1987, was a brilliant and highly aggressive – some would say, unscrupulous – marketeer. Athletes, officially amateur, were paid to wear the company's shoes and other products and on one occasion pressure was brought to bear on Customs officials to block the imports of his competitor, Puma, run by his brother.

But Dassler was much more than a go-getting shoe salesman. Over the years he had built up an extraordinary network of contacts at the top echelons of most the major sports. For Dassler, the sports promotioo busioess was merely a logical extension of his existing activities. He seemed the man to help Samaranch solve his problem. The chosen vehicle, ISL Marketing, was, with a staff of five, tiny. But appearances were deceptive. Behind the infant company, as joint owners, were two very large companies indeed: Adidas itself and Japan's Dentsu, the world's largest advertising agency.

In March 1983, at the meeting in New Delhi, ISL made an elaborate presentation to the full session of the IOC. The idea was that ISL, acting as agents for the IOC, should buy from the 164 national Olympic committees througbout the world the rights to the Olympic symbols and then sell them on to a carefully selected group of sponsors. The presentation was a formality. "We gave him the go-ahead because it seemed to us that Dassler and ISL were the only people around capable of doing the job," says Dick Pound, who had an important say in the decision. Mark McCormack's IMG would have loved to have had a go but they were never invited.

Nobody expected that the job would be easy. And it wasn't. The initial problem was not getting the sponsors oo board but negotiating with 164 separate NOCs, many of whom – especially the larger ones, like the Americans – already had strong links with sponsors.

One of the peculiar features of the Olympic movement is the autonomy enjoyed by the NOCs. They are in essence self-perpetuating rich men's clubs and their powers, even now, are considerable. The ISL deal drove a coach and horses through these often cosy arrangements. And though the NOCs are still free to wheel and deal with sponsors outside the Top Programme, much of the cream, as they saw it, had been removed.

The Top Programme has been less successful than originally hoped. Not only has the ISL lured fewer companies into its net than it originally anticipated – nine against an original target of 20 – but some 11 NOCs, including Cuba, Libya and, more surprisingly, Venuzuela and Greece have refused point blank to join the Top Programme. However successful ISL might be, one way or another the Olympic Games will never be quite the same again. The athletes' urge for glory may be as strong as ever but to the cold-eyed marketing fraternity this is not what the Olympic Games are all about. They may pay lip service to the Olympic ideal and parrot the movement's motto "Citius, Altius, Fortius" – Swifter, Higher, Stronger. But for them the Games are just another opportunity for the hard, hard sell.

The Long View

Why the Nestlé mint is choc-full

The arguments over the Swiss bids for Rowntree may be missing the point, Barry Riley argues. The more important distortions may lie in Switzerland's tax system rather than in its takeover rules.

FORGET the sweetshop nationalism which has sent people like the Lord Mayor of York on a protest tour of Switzerland. Tha important question which arises from the Rowntree affair is not about Swiss reciprocity (the *Swiss are never going to take* over tha world), let alone whether Quakers and Calvinists can get on.

Rather, it is about whether the growth of giant multinationals should be checked. Does their expansion always reflect underlying economics? Should a good little 'un be allowed to escape from a big 'un?

In this case the issue of the responsibility of Rowntree's shareholders seems to be sidelined. Shareholders are being offered what seems like a silly price, twice the pre-bid value of the shares. In those circumstances professional investment managers have a clear responsibility to their clients to accept the terms and maybe, in the case of pension fund trustees, even have a legal obligation to do so.

For shareholders confronted with rival cash bids the choice is simpla enough. But in both industrial and financial terms the Jacobs Suchard and Nestlé bids are very different. The Suchard proposals will require some fairly adventurous financing, and they have a good deal of geographical logic to them, however much Rowntree would prefer to remain independent. Yet Suchard could easily be outgunned by Nestlé, which had around £2.7bn of cash in its end-1987 balance sheet.

Nestlé is a lot less sleepy than it used to be, but should such giant organisations be encouraged to pile up cash and become bigger and bigger? The group's industrial case for buying Rowntree is distinctly flimsy. There is no evidence that Nestlé's unexciting confectionery side could add anything to the British group. Overall, Nestlá's profits have stagnated in the past two years, although presenting the figures in terms of Swiss francs is never a way of flattering the trend.

In fact the overriding motive appears to be that Nestlé has cash and needs to spend it. The same circumstances arose in 1984 when the group paid $3bn for Carnation of the US. Since then Nestlé has been minting liquidity at a heady pace.

In the perfect world of economic textbooks such accumulation of cash would not happen. In mature markets the excess profits would be competed away. Where markets were immature, and exceptional returns on capital were being obtained, companies would be keen to reinvest in those same businesses and would have no reason to look for acquisitions.

This does not fit the real world in two major respects. Competition is limited, especially because of the high cost of entry to consumer markets, so high returns can persist even in stagnant industries. Secondly, in many countries the tax man intervenes to discourage companies from distributing surplus cash to shareholders. *This is evident at* Nestlé, where the dividend has barely risen in the past two *years, and is several times covered* by net profits: the Swiss withholding tax rate on dividends is 35 per cent.

Governments are inclined to discriminate against distribution of profits partly in the search for revenue, but also because of the argument that retained profits will be reinvested for the good of the economy, while dividends to shareholders will be frittered away on consumption.

In a dynamic capital market, however, the dividends to shareholders will be recycled back to growing companies which need the money to exploit new opportunities. The flow will be through the market rather than through takeover bids which lead to the creation of sprawling conglomerates. It is much more efficient for shareholders to diversify their own portfolios than for companies to attempt to do it for them.

In the US many of these vast, lazy enterprises have come under attack by corporate raiders. In defence, companies have had to leverage themselves, distribute spare cash to shareholders (perhaps by buying in stock) and offload the corporate executive jet fleet, while disbanding the diversification planning committee. Whatever the excesses of speculation and greenmail that have featured in this process, the economic logic of forcing companies to focus upon the creation of wealth in proven areas of expertise is clear.

Europe is another matter, however, apart from one or two iso*lated cases such as Carlo de* Benedetti's attack on Belgium's corporate Rip Van Winkls, Société Générale, or the odd Australian attempt to terrorise the UK beerage. Once, fast-growing German companies were usually heavily borrowed but today, plump and mature, they are often awash with liquidity. Certainly *Nestlé is able to go its own sweet* way, even though its own share price has gone nowhere in the *past 2¼ years.*

Investors in Europe should be concerned aboot this bias towards fatness rather than fitness, because the evidence is that small company stocks perform better than those of big companies. In the UK the Hoare Govett Smaller Companies Index has risen by 15.4 per cent in the first five months of the year against 8 per cent for the FT-Actuaries All-Share Index, which is dominated by the giants. Smaller companies also used to give better returns in the US until, significantly, the wave of restructurings of sprawling blue chips came along a few years ago. This year small capitalisation stocks have started to show outperformance again in the US.

It is a praiseworthy feature of the UK tax system that the gulf betweeo companies and their shareholders has been largely eliminated; shareholders receive a tax credit with dividends, and many of the obstacles to corporate break-ups and equity buybacks have been removed.

It is about time the message was transmitted to Switzerland. Don't the shareholders of the venerable condensed milk company know that if they had acted individually they could have bought Rowntree's shares for half the price they may now be paying through Nestlé? Do they care that Nestlé's cash amounts to a quarter of its market capitalisation?

At a time when 1992 is being used as a smokescreen for all manner of corporate imperialism we had better be sure that big really is beautiful. Those giants may be sxpensively packaged and thickly coated, but they have very soft centres.

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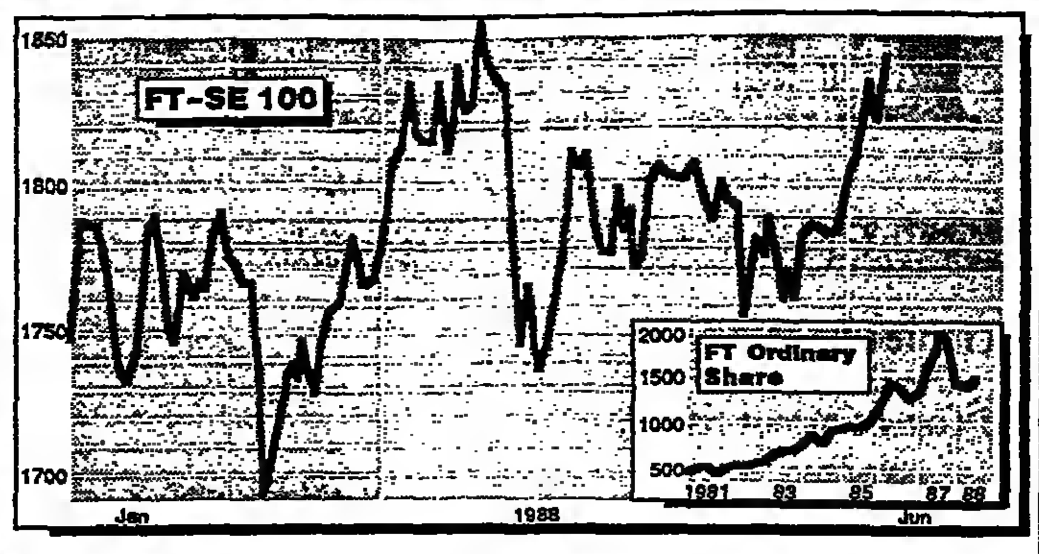
Who's afraid of the big bad base rate?



WHAT FRIGHTENS investors today will be shrugged off tomorrow. Not long ago, two rises in the base rate within four days would have induced panic in the London market. But Monday's half point rise in rates to 8½ per cent was greeted serenely by investors and the FT-SE 100 ended the week not far short of its post-crash high.

The markets had expected a further increase after the previous Thursday's half point rise had failed to stem sterling's slide. The gilt markets were pleased by the appearance of anti-inflationary rigour, and equity investors by the argument that UK companies will profit from some semblance of sterling stability.

Above all, the base rate move indicated that active exchange rate management was back at the heart of Government policy. Although it is hard to tell precisely what is the Chancellor's desired mix of exchange and interest rates – the pound is now trading at levels which were causing base rate cuts in April – at least Nigel Lawson is evidently in charge of economic planning after his public disagreements with the Prime Minister.

The extent of sterling's rebound – it ended the week at DM3.125 – might have taken the authorities by surprise. It could give the Treasury a headache, since it can hardly cut rates again so quickly after raising them twice. A lot will depend on whether the sharp fall in the value of the pound in the first days of June was just a trading blip or a genuine change in sentiment. However, the days when sterling was a one-way bet appear to be over.

Once it had absorbed the interest rate news, the market was able to stop gazing at its navel and start reflecting on the buoyancy of overseas stock markets. On Wall Street, the Dow Jones Industrial edged up over 2,100 for only the second time since the October crash after a 48-point surge on Wednesday. That rise was prompted by a sharp fall in

London

the Commodity Research Bureau Index, which is now regarded as a sensitive indicator of inflationary pressure in the US economy.

Wall Street's rally encouraged investors in Tokyo to push the Nikkei-225 above an all-time high of 28,000, although the index fell back slightly on Friday.

The FTSE-100 had a rather half-hearted rally by comparison, with little takeover activity to excite traders. After two days, the index was back where it started the week, but modest rises on Wednesday and Thursday carried Footsie back within sight of its post-crash high of 1,855. Few were expecting the market to break through that level until Tuesday's US trade figures are announced.

A week of results from some of the UK's larger companies failed to settle the question of whether the UK economy was heading for a slowdown. BAA was probably the only big group to announce results ahead of expectations, and its 34 per cent profits rise was due partly to special factors. The privatised airports authority benefited from a 15 per cent growth in passenger traffic as tourists returned to the airlines after the terrorism and Chernobyl scares of 1986.

British Telecom also prospered from an increase in traffic last year – international calls grew in volume by 14 per cent and inland calls by 8 per cent. Its 11 per cent increase in pre-tax profits to £2.29bn might have satisfied its shareholders and its employees – the profit-sharing scheme was reinstated – but it ran into criticism from Labour politicians who claimed that customers were suffering.

There were distinctly dull announcements from Lonrho and Boots, which each managed profits growth of just 6 per cent. Lonrho, which as usual gave few details of its divisional performance, appeared to have been held back by its mining and oil interests; Boots suffered from the dollar's decline and a poor Christmas period.

Beecham, the drugs and consumer products group, managed a slightly higher increase; pre-tax profits rose 15 per cent to £406.5m for the year. But the bulk of the improvement came from a turnround in the interest charge after a series of business disposals.

None of these results was particularly exciting but none was too disappointing, either. Most of the figures covered the year to end-March and thus included six months of post-crash trading; there was no little or no sign of the "wealth effect" which many had been expecting in the weeks after Black Monday.

Shares in British & Commonwealth had been performing distinctly badly since the crash but they picked up this week as news of the management buyout of Bricom, its industrial and commercial subsidiary, leaked out to the market. The £359m deal finally was announced yesterday – B&C plans to concentrate on financial services.

With the results season providing little of interest, traders were back to their favourite activity of takeover spotting. The week started with some disappointing news for the speculators – Nestle decided to extend, rather than increase, its takeover bid for Rowntree. But the market cheered itself up by inventing a rumour that Suchard had sold its stake to Nestle; the story was denied quickly by both parties.

Although some politicians, obsessed by the Rowntree and Cadbury sagas, are convinced that British industry is set for sale to Johnny Foreigner, the other side of cross-border takeovers was to the fore this week.

Two UK companies, Thorn EMI and Emess Lighting, are battling for the honour of taking over a French lighting equipment group, Holophane. After Thorn EMI topped the Emess bid on Thursday, the French group, which is backing the Emess offer, cried "foul" and complained to the Commissions des Operations de Bourse, the French stock exchange.

Unless some clear guidelines for pan-European takeovers are established quickly, the confusion over the Holophane battle will be repeated endlessly in the run-up to 1992.

Confusion was definitely the order of the day for Parker Pen, which cancelled its flotation plans this week for the second time. October's crash had scuppered the group's first attempt at a listing; this time, it was a dispute between the group's brokers and the venture capital investors who could not agree on the right price for the group.

The embarrassment was all the greater since the details were due to be announced on Thursday; draft prospectuses were already circulating in the City. But no banker is likely to be eager to seize the honour of arranging the first substantial new issue flop of the year.

Philip Coggan

The lure of the first division

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1468.2	+23.8	1478.7	1349.0	Wall St. influences.
Abbey Life	342	+46	348	226	Banque Paribas bid rumours.
Adwest	355	+33	356	280	Bid speculation.
Amstrad	206	+21	211	113	Murdoch satellite venture.
Boots	221	+11	259	206½	Figures fail to excite.
British Dredging	157	+20	180	110	Newarthill increases stake.
Cadbury Schweppes	415	+19	422	231	Takeover speculation.
Coloroll	199	+24	242	172	Better-than-expected figures.
Davidson Pearce	151	+25	139	96	Merger with Boase Mass. Pollitt.
LASMO	470	+42	470	271	Merger speculation.
Morgan Grenfell	353	+62	355	236	Takeover rumours.
Pearl	547	+63	547	410	Stake-building by PAL.
Rothschild (J.)	189	+21	193	148	Demerger proposals.
Rowntree	£10⅝	+¼	£10¾	411	Higher offer hopes.
Unigate	338	+32	346	253	Stake-building speculation.

IT SEEMS a mite disloyal to raise the issue of main market listings in, of all places, the junior markets column, and certainly companies are not as keen as in the earlier days of the USM to make the transition to a full listing.

However, they are still going, and the major factor behind that – the desire to be seen in the first division – is expressed forcibly by Sir Peter Osborne: "Our advice is that now is the right time to do it. We don't think our share price will suddenly rocket, but we want to be in the main game, not on the sidelines."

Osborne & Little, designers and manufacturers of very pretty wallpapers and fabrics, was founded in 1967 and came to the USM in January 1985, capitalised at £8.45m. It doubled pre-tax profits in the two years to 1987, from £763,000 to £1.4m, and last week the company announced 1988 profits of £2m – and its intention to join the main market. It is now capitalised at £17m.

"There is something about a full listing," said Osborne, chairman and managing director. "Two or three companies in our field are coming to the market in the near future [Colefax and Fowler, famous for its country house chintzes, at the end of this month] and are going for a full listing. We felt we should be there too. We want to be seen to be alongside them. Also, since October, our advice from the professionals has been that fund managers are less than enthusiastic about USM stocks."

Hugh Sykes, chairman and chief executive of Thermal Scientific, agrees. The Sheffield-based company specialises in the manufacture of electric vacuum furnaces for laboratory and industrial users, scientific instruments and polymer equipment. It joined the USM in July 1983 valued at £3m, set about acquiring companies at a breakneck pace, and moved to a full listing last December.

"Our professional advisers wanted us to. It seems a number of institutional investors were not particularly keen on USM companies. In doing acquisition deals, particularly with foreign companies, if you said you were on the USM there was a bit of a double-take.

"Also, having reached a certain size [Thermal was capitalised at

Junior Markets

£108m pre crash], if you stayed on the USM, people would say 'couldn't you get a full listing?' One has to go sooner or later, if one is going to continue to expand." Ironically, the crash helped propel Thermal to the main market. Sykes first considered going in December 1985 but put it off three times "because we kept making big acquisitions." Thermal shares were 350p before Black Monday but fell substantially afterwards, "stopping us doing any large deals."

Though he believes it was the right decision, leaving the USM does have its disadvantages initially, according to Sykes. "You have to get to know a complete new set of analysts, and they your company, and one tends to lose visibility. We were the largest industrial company on the USM, now we are one of many."

It was a question of status for J S Pathology, which also moved up last December. The leading independent clinical pathology laboratory in the UK, J S Pathology was founded by Dr Jean Shanks in the 1950s and joined the USM in November 1985.

"We are growing, we are happy to grow more, and it is rather more comfortable to be on the main market," says Shanks. "People say 'Oh, you're USM,' and when I say no, main market now, its 'Oh are you'."

Fully listed companies are taken more seriously, says Bill Rooney, chairman of Spring Ram, the West Yorkshire-based bathrooms and kitchens group which was founded in 1980, joined the USM in April 1983 and stayed for two years before moving on in April 1985.

"For us it was a question of prestige," says Rooney. "There seemed to be a general feeling in industry and the City that a full listing meant you were fully grown, in the big league. At the time we also felt that if ever there was a shake-out, the USM would be more volatile."

These views were not uncommon in 1985, when the USM was still relatively immature. According to the Hoare Govett USM analysts team, up to the end of 1984 the majority of companies leaving the USM (42 out of 66), graduated to the main market. But of the 180 that have left since then, only 70 have gone to a full listing, the bulk of the rest having been acquired.

One of the most famous departees is Gordon and Anita Roddick's Body Shop, the natural beauty products chain founded in 1976. The company joined the USM in April 1984 and moved up just under two years later in March 1986. One of the biggest retail success stories of the decade, Body Shop in January reported pre-tax profits up 80 per cent to just under £6m.

"We made the move for technical reasons," says Gordon Roddick, chairman, "to give us more credibility with institutional investors. When you are growing as quickly as we are, it is considerably easier to raise cash by being on the main market. .. just in case we see that irresistible chain of High Street outlets."

Fiona Thompson

British Gas holds steady

BRITISH GAS will on Thursday report figures for the year to March 31. Analysts are hoping for some indication of dividend policy following fears that chairman Sir Denis Rooke would be less than generous to his army of shareholders. However, forecasts of about 5p for the final dividend would make a fairly healthy 7.5p for the year.

Pre-tax profits should be around £1.3bn – £830m after tax – against £1.29bn in 1986-87, or £684m after tax. Progress could have been held back by the mild winter, although this could have been offset by an increase in the volume of gas bought by commercial users.

British Gas might also quell some of the speculation surrounding the company's extensive property holdings, many of which are now redundant and, observers claim, ripe for redevelopment.

● DAWSON INTERNATIONAL, the Scottish-based textiles group which sells luxury

Results Due

knitwear all over the world, has been hit by an unfortunate combination of factors beyond its control and these will hold back the full-year profits it is due to announce on Tuesday.

The decline of the dollar will hit income from its US interests while its manufacturing costs have been increased by soaring raw material prices and a shortage of the cashmere on which its knitwear factories depend.

Analysts will be looking to see if the latter factor has started to affect consumer demand. Forecasts for pre-tax profits have been downgraded in recent months and £48-£49m is now predicted, compared with £46.7m last year.

● Antony Pilkington, chairman of PILKINGTON, the glass manufacturer which fought off a takeover bid from BTR early last year, is expected to announce full-year pre-tax profits of £305m to £310m on Wednesday compared with £256m the previous year.

Strong demand for flat glass in Europe should have produced a good performance in this area, but in the US the group will have suffered on the safety glass side by the loss of market share suffered by General Motors. Pilkington provides the bulk of the safety glass used in GM's vehicles.

● Results for the year from NORTHERN FOODS will reflect the group's final divestments from the US which will take around £7.5m from this year's pre-tax total and dilute earnings per share growth.

It is a nervous time for Northern, with the pay-off of rationalisation still to come and Hazlewood Foods sitting on a comfortable 3.6 per cent stake. Analysts are looking for around £76m compared with £75.2m last year, with respectable underlying growth coming from the UK businesses.

Star performers are expected to include recipe dishes and desserts, with problems not yet resolved in the meat and poultry businesses.

● UNIGATE, which reports its full-year profits on Thursday, is having a tough time with pressures on most of its businesses which encompass food, transport and specialist industrial services.

Industry problems of over-capacity in the poultry business were exacerbated for Unigate by a strike in March, the last month of its financial year. St Ivel, which makes Gold, has been hit by competition while Unigate Food, which manufactures and sells commodity food products, has been affected adversely by quotas on milk. International operations in the US have been hit by the falling dollar and competition.

On the positive side there are Wincanton, the distribution business, and the remaining part of Giltspur.

Analysts are forecasting pre-tax profits of around £92m, including slightly more than last year from property disposals. Taxable profits for the previous year were £104.7m.

● YALE and VALOR, the locks and domestic appliance group, announces its full-year results on Wednesday. The figures are the first since Valor bought Yale and NuTone, a US manufacturer of household appliances and fittings, for $460m a year ago.

Analysts are forecasting pre-tax profits of roughly £24m for the year to March 31. The company has quadrupled its size since the last set of full-year results when it made £10.5m. Acquisitions probably will have diluted earnings per share to about 23p (24.94p).

The worst effects of the US dollar's weakness will probably have been offset partially by underlying growth in local currencies of about 15 or 20 per cent.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*							
Deposit account	2.30	2.32	1.86	monthly	1	-	0-7
High interest cheque	4.50	4.59	3.67	monthly	1	1,000-4,999	0
High interest cheque	4.90	5.01	4.01	monthly	1	5,000-9,999	0
High interest cheque	5.30	5.43	4.34	monthly	1	10,000-49,999	0
High interest cheque	5.70	5.85	4.68	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	3.50	3.53	2.83	half-yearly	1	1-250,000	0
High interest access	5.25	5.25	4.20	yearly	1	500 minimum	0
High interest access	5.50	5.50	4.40	yearly	1	2,000 minimum	0
High interest access	6.00	6.00	4.80	yearly	1	5,000 minimum	0
High interest access	6.25	6.25	5.00	yearly	1	10,000 minimum	0
90-day	6.25	6.35	5.08	half yearly	1	500-9,999	90
90-day	6.50	6.61	5.29	half yearly	1	10,000-24,999	90
90-day	7.00	7.12	5.69	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	5.63	monthly	2	2,000-100,000	90
Deposit bond	9.00	6.75	5.40	yearly	2	100-100,000	90
33rd issue	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNTS							
Schroder Wagg	4.03	4.10	3.28	monthly	1	2,500 minimum	0
Provincial Bank	6.14	6.32	5.05	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS							
3pc Treasury 1986-89	7.48	6.21	5.44	half yearly	4	-	0
8pc Treasury 1992	9.01	6.97	5.75	half yearly	4	-	0
10.25pc Exchequer 1995	9.40	6.91	5.41	half yearly	4	-	0
3pc Treasury 1990	6.94	6.36	5.69	half yearly	4	-	0
3pc Treasury 1992	7.28	6.46	5.97	half yearly	4	-	0
Index-linked 2pc1992§§	7.35	6.85	6.54	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day: Immediate access for balances over £5,000. ♦Special facility for extra £5,000 §Source: Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Acre Oil	220*	222	200	369.75	British Gas
Amari	262§	258	213	82.64	Glynwed Intl.
CASE	90§§	93	108	57.5	Gandalf Tech.
Crowther (J.)‡	197	197	174	234.63	Coloroll
DPCE‡	316	300	172	106.05	Granada
Davidson Pearce	159	153	136	32.88	Boase Massimi
De Brett (A.)	35*§	35	35	2.8	Thistlemoor
Dubilier	191	189	176	87.78	Peek
Ellis & Goldstein	95*	107	81	27.49	Berkertex
Freshbake Foods	162*	159	124	106.79	Campbell Soups
Gee (Cecil)	123	123	85	10.90	Moss Bros.
Graham Motor	182*	178	105	19.3	TSB Group
Irish Distillers	Ir315*	Ir365	Ir275	Ir198.07	GC & C Brands
Jersey Gen. I.T.	520♦§	510	468	59.49	LIT Hldgs.
LDH Group	120	117	111	9.70	Porter Chadburn
Lorin Elec.‡	237	224	162†	14.95	F. Cooper
Lynton Prop.	455*§	455	427†	220.0	BAA
Prontaprint‡	135§§	135	103	9.86	Cont.Stationery
Rowntree	890*	1069	752	2.1bn.	Nestle
Rowntree	950*§	1069	1000	2.32bn.	Jacobs Suchard
Runciman (W.)	328§§§	335	331	28.77	Tallon Hldgs.
SPP‡	158	147	123	30.32	Braithwaite
Signex‡	44	46	48	3.73	Apricot Comp.
Stanley (A.G.)	316	309	228	131.92	Ward White
Stead & Simpson	1200*	1415	1075	19.2	Clayform
Stead & S's A N/V	125*	130	120	70.25	Clayform
Zetters Leisure	161	158	120†	23.02	Bass

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 10/6/88. †At suspension. §§Shares and cash. ♦Related to FAV to be determined. ♥Loan stock

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Colloids	April	35,420	(27,980)	8.9	(7.3)	2.3	(1.9)
Amersham Int'l	March	25,300	(22,100)	32.6	(26.6)	10.0	(8.2)
Atkins Bros	March	1,600	(1,160)	28.4	(19.6)	10.0	(8.0)
BAA	March	166,000	(124,000)	21.0	(16.0)	7.2	(-)
Beecham	March	406,500	(352,300)	31.7	(27.2)	14.3	(13.0)
Boots	March	267,200	(242,800)	20.4	(19.5)	8.8	(8.0)
Borland Int'l	March	3,940	(2,596)	-	(-)	-	(-)
Braithwaite	March	3,720	(248 L)	24.8	(-)	4.5	(-)
British Land	March	67,700	(51,500)	17.8	(15.7)	16.0	(14.0)
British Telecom	March	2,29bn	(2,06bn)	23.6	(20.9)	9.5	(8.4)
Bromsgrove	March	2,900	(1,004)	9.8	(4.8)	2.1	(1.6)
Brown N Group	March	13,500	(9,184)	15.8	(11.5)	5.0	(3.7)
Caffyns	March	1,930	(1,910)	61.7	(43.6)	10.0	(7.5)
Cater Allen	April	7,150	(5,500)	-	(-)	22.5	(20.1)
Chapman Ind	April	1,920	(1,480)	29.8	(23.9)	10.0	(9.2)
CML Microsystems	March	2,520	(1,921)	8.8	(6.0)	1.4	(1.1)
Coalite Group	March	45,530	(42,980)	31.6	(31.0)	9.8	(8.7)
Coloroll	March	26,100	(10,300)	20.8	(16.5)	6.6	(5.7)
Dwek Group	March	4,060	(3,720)	14.6	(13.0)	4.0	(3.2)
Electrocomponent	March	46,700	(40,500)	14.7	(12.7)	4.4	(3.7)
Estates & Agency	Dec	663	(630)	7.8	(7.2)	3.0	(3.0)
Finlay James	Dec	3,120	(4,760)	3.1	(1.8)	4.1	(4.1)
Gt Portland Est	March	24,700	(21,100)	10.6	(9.2)	8.1	(7.3)
Heath CE	March	20,030	(14,514)	26.1	(20.1)	25.7	(25.0)
Henderson Admin	March	22,460	(25,829)	54.1	(64.5)	27.0	(25.0)
Hewetson	March	779	(481)	8.1	(6.2)	3.0	(1.7)
Hughes HT	Feb	1,400	(909)	5.7	(3.6)	-	(-)
Hunter Saphir	Feb	5,010	(2,750)	11.3	(9.5)	4.0	(3.3)
Illingworth Moor	March	9,700	(7,180)	15.5	(12.4)	4.5	(4.0)
In Shops	March	1,300	(920)	4.3	(3.0)	0.3	(-)
ITL Info Tech	April	2,520	(2,570)	-	(-)	2.0	(0.01)
Learmouth & Bur	April	1,910	(1,460)	10.3	(7.6)	1.7	(-)
Leigh Interests	March	4,120	(2,467)	12.8	(8.4)	5.6	(4.1)
Lynton Property	March	5,890	(5,253)	9.9	(7.9)	6.8	(5.5)
Metal Box	March	94,100	(79,990)	23.4	(20.9)	7.0	(5.4)
NMC	March	6,320	(4,210)	10.8	(7.5)	2.3	(1.5)
Norcros	March	65,300	(53,200)	33.0	(28.0)	14.4	(12.0)
Oriflame	Mar‡	9,400	(-)	17.5	(-)	8.5	(-)
Osborne & Little	March	2,000	(1,418)	18.4	(13.1)	5.0	(3.9)
Oxford Inst	March	11,190	(19,650)	14.9	(27.4)	2.7	(2.4)
PCT Group	Dec	448	(406)	11.5	(10.2)	4.0	(3.6)
Phoenix Timber	March	1,470	(641)	-	(-)	2.5	(1.5)
Reed Int'l	March	242,800	(188,200)	32.8	(26.6)	10.0	(8.0)
Regalian Prop	March	22,700	(8,220)	16.5	(9.0)	3.5	(2.0)
Rothschild J	March	110,800	(100,900)	26.4	(20.2)	-	(-)
Rowlinson Sec	March	1,550	(930)	8.2	(7.0)	0.9	(0.8)
Sanders & Sidney	March	778	(581)	-	(-)	6.0	(-)
Sheraton Sec	March	11,270	(4,650)	6.8	(3.5)	2.2	(1.1)
600 Group	March	6,630	(3,090)	11.3	(7.5)	5.8	(-)
Sketchley	April	13,390	(10,670)	31.0	(30.1)	19.0	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alexanders Hldgs	March	562	(112)	-	(-)
Archimedes Inv Tst	April	123	(98)	5.8	(5.5)
Borthwicks	March	511	(37)	0.5	(0.5)
Brooke Tool Eng	March	755	(655)	0.7	(0.67)
Camford Engineering	March	1,570	(1,120)	1.0	(-)
Carron Phoenix	March	601	(514)	1.3	(-)
Carrs Milling Ind	Feb	990	(904)	1.7	(1.7)
Gt Western Resources	March	4,100	(57)	2.0	(1.6)
Greenwich Resources	March	636	(482)	-	(-)
Hambros Adv Tech Tst	March	310 L	(141 L)	-	(-)
Hardanger Prop	March	2,320	(1,750)	7.5	(4.7)
Heavitree Brewery	April	427	(442)	2.4	(2.4)
Hunterprint	April	3,700	(2,910)	3.0	(2.1)
John & Firth Brown	March	3,850	(2,670)	0.6	(0.5)
Kynoch G & G	Feb	11	(9)	1.0	(1.0)
Lombard North Cen	March	57,600	(48,500)	-	(-)
London & Overseas	March	354	(268)	-	(-)
Lonrho	Mar©	80,400	(76,100)	4.0	(4.0)
Mecca Leisure	March	6,690	(4,670)	1.7	(1.5)
M & G Group	March	10,680	(8,880)	3.5	(3.0)
Nash Industries	March	656	(274)	1.2	(1.0)
North British Steel	April	275 L	(77)	-	(-)
Piccadilly Radio	March	537	(253)	1.0	(0.9)
PWS Holdings	March	2,240	(4,510)	3.5	(3.5)
RCO Holdings	April	923	(659)	2.0	(1.5)
Redifearn	April	1,370	(1,100)	3.0	(3.0)
Reliant Motor	March	13	(29 L)	-	(-)
Schroder Global Tst	Apr ‡	924	(878)	2.2	(2.1)
Sidlaw Group	April	2,590	(744)	2.7	(2.0)
Sturge Holdings	March	3,480	(2,990)	3.2	(2.1)
Westland	March	13,100	(24,800)	1.2	(1.2)
Windsor Securities	March	119 L	(132)	-	(-)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ after tax.‡ for 15 month period.©this years div on increased share cap.

RIGHTS ISSUES

Automated Security is to raise £39.8m via a one-for-two rights issue at 266.7p

Hunterprint have launched a £10.6m rights issue on a one-for-five basis.

Select Appointments plan to raise £12.37m via a five-for-six rights issue at 160p a share.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Acal is to join the USM via a placing of 2.2m shares at 135p.

Colroy is to join the main market via a placing of 2.15m shares at 150p.

Dauphin Int'l is to join the main market via a placing of 5.5m shares at 105p.

Lifecare is set to rejoin the stock market next month after undergoing a corporate reconstruction.

Osborne & Little is intending to move from the USM to the main stock market.

Tinsley Robor is to join the stock market next month via a placing.

Young Group is joining the USM via a placing capitalizing it at £12.9m.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Northern Foods	Tuesday	4.2	4.7	4.2
Oceana Development Inv Tst	Tuesday	-	-	-
Pilkington	Wednesday	4.3	-	2.2
Premier Consolidated Oil	Tuesday	-	-	-
Renold	Friday	-	1.3	0.5
Scapa Group	Thursday	2.1	4.7	2.2
Schroder Money Funds	Wednesday	-	-	-
Smallbone	Thursday	1.4	2.2	-
Thermal Scientific	Wednesday	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

·MARKETS

So much money, so little choice

The Stockholm bourse has been buoyed up this year by plenty of cash from the domestic institutions, a strong set of corporate results for the first quarter, and short-term optimism over the Swedish economy. However, analysts warn that there are a couple of black clouds lurking on the horizon.

First, there is the worry of rising inflation and the need for measures to curb it, although these are not expected until after the September election. And then there is the uncertainty about the state of the US economy — no minor worry if you consider

Sweden

the importance of exports to the US for Swedish industry.

The present problem (if it can be called that) for Sweden's domestic institutions is that they have very little choice over where to invest their money. According to one estimate, new issues this year will raise about SKr6bn (£600m) while the institutions could have up to SKr16bn earmarked for investment in equities.

The insurance companies, pension funds, wage-earner funds and mutual savings funds have been pouring money into the stock market and this surplus liquidity has served only to bump up the index.

Since the end of 1987, the Veckans Affaerer Total Index has jumped 31 per cent to 1,071.2; and although Stockholm has still not bounced back to its pre-October crash level, it is one of the stronger-performing markets in Europe.

Opportunities for Swedes to invest overseas are still very limited so the institutions are, in effect, more or less forced to put their money into the local market. However, the central bank has started to ease restrictions on overseas investment by permitting Swedes to invest up to SKr3bn abroad this year, with the promise of at least a further SKr3bn in 1989.

Considering that the total stock market capitalisation is over SKr500bn, this figure of SKr3bn seems rather puny. But Bengt Dennis, governor of the Central Bank, is in favour of a cautious, step by step approach to dismantling exchange controls "so as not to have a political backlash."

This spring and early summer have been marked by a wave of (mostly) cash takeovers. These include Stora's SKr5.9bn bid for Swedish Match; MoDo's SKr6.1bn offer for outstanding shares in the two forestry products groups Holmen and Iggesund; Nordstjernan's SKr3.5bn offer for construction group ABV; and Asea Brown Boveri's SKr1.74bn bid for outstanding shares in Flaekt. This takeover/acquisition fever has, of course, left investors with even more money to plough back into the market.

The acquisitions gave Finance Minister Kjell-Olof Feldt something to complain about, however, and in a supplementary Budget he proposed measures to harness corporate liquidity. Non-financial companies will have to place 15 per cent of their liquid funds (above a SKr50m threshold) into Central Bank accounts for two years — where they will receive interest at below market rates. According to some estimates, Swedish companies have liquid funds of about SKr100bn.

However, no sooner had the supplementary Budget proposals come out, accompanied by strong criticism of all this takeover activity, than PKbanken, the state-controlled bank, clinched a deal with financier Erik Penser to buy the brokerage operations of his Carnegie empire — a sign, perhaps, that the Government is not averse to takeover activity after all.

The key questions occupying the markets now are what will Penser do with the money from selling off parts of Carnegie, and what will the Wallenberg investment companies do with the money resulting from the Stora/Swedish Match deal.

The usually reserved Penser said recently that his priority would be to strengthen Nobel Industries and make it one of the five largest and most profitable companies in Sweden. As for Wallenberg, many analysts suspect that they could now choose to tighten their control over other less-protected parts of their group.

On the economic front, the outlook is reasonably favourable. Swedish industry is experiencing strong demand both at home and overseas and capacity utilisation is very high. Strikes in January and February hit production figures, but they picked up again in March and most of the companies expect increased production and are happy with the state of their order books.

Indeed, with the notable exception of Volvo (which blamed the three-week-long strike earlier this year for its 26 per cent drop in first-quarter profits), Swedish industry is performing well, presenting a favourable set of corporate results which are some 37 per cent higher on average in the first quarter.

The white goods giant, Electrolux, was up 21 per cent, Stora was up by 19 per cent, Trelleborg doubled profits, Aga increased by 21 per cent, and SCA reported a 46 per cent rise.

The strong demand for pulp and paper explains the good first-quarter profits for the forestry groups such as Stora and SCA, and it has given investors added incentive to buy their shares, especially at a time when the major companies have been restructuring. The forestry index has, therefore, risen faster than the general index.

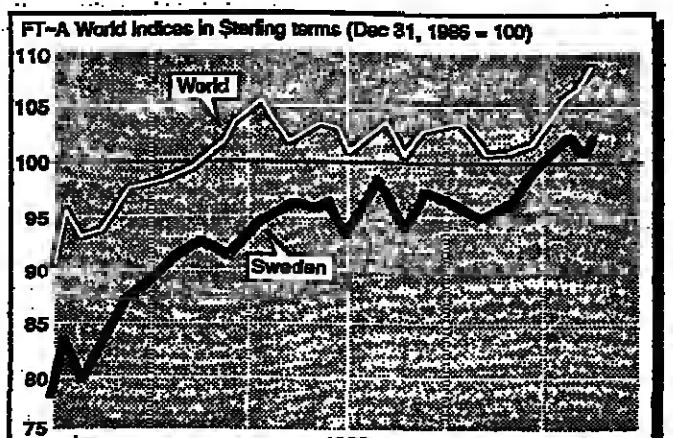
The main worry for Swedish industry in the long run could be its deteriorating competitiveness in the international markets. As the OECD warned this week in its economic outlook for 1988: "Following private sector wage negotiations in early 1988, wages will continue to rise faster than in competitor countries and cost competitiveness to deteriorate.

"Consumer price inflation is expected to stabilise at a 5–5.5 per cent rate . . . reflecting underlying trends in wages and import prices. The projected slowdown in export growth reflects falling market shares due to deteriorating competitiveness. Volume import growth may continue to outpace that of exports, but the terms of trade could improve in 1988 due to lower oil prices and increased prices for paper and pulp."

Indeed, the wage increases are expected to be 6-7 per cent this year. Back in 1987, Feldt was warning the unions that, if their wage agreements reached this level, it would be a disaster for the Swedish economy. But in view of the September election, the Government has refrained from taking a tough enough line to curb the rise.

For companies with a cost base outside Sweden, this is not such a serious problem. As Sten Westerberg, who heads the Enskilda brokerage, puts it: "The main question is whether fiscal policy will be sufficiently tight after the election. There are two alternatives — to raise taxes or cut expenditure. The most sensible one is to cut expenditure."

Sara Webb

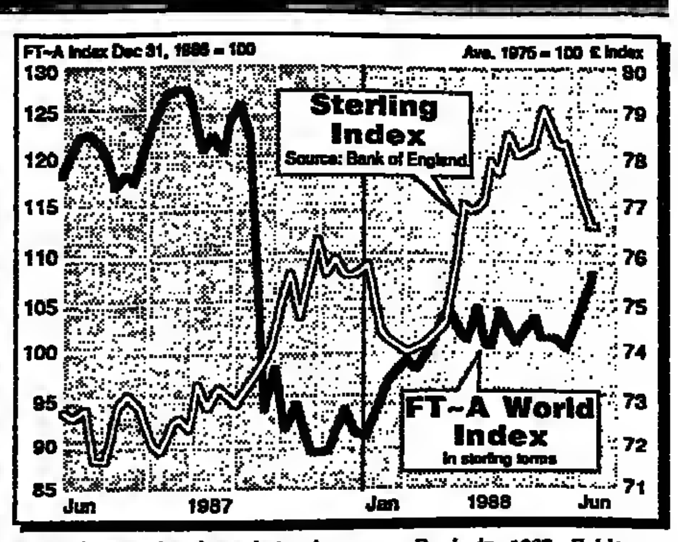


Jointly compiled by the Financial Times, Goldman, Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Dec 31st 1987	£ Sterling % change since June 10th 1987
Australia	+42.6	-8.0
Austria	-8.9	-8.9
Belgium	+34.7	-3.6
Canada	+16.7	-10.0
Denmark	+18.2	+0.7
France	+19.7	-16.1
W Germany	+5.4	-21.1
Hong Kong	+28.5	-17.4
Ireland	+35.4	-1.8
Italy	-5.3	-35.1
Japan	+27.9	-0.2
Malaysia	+33.6	-22.2
Mexico	+68.5	-30.7
Netherlands	+11.0	-18.4
New Zealand	+11.6	-23.2
Norway	+29.6	-17.0
Singapore	+27.2	-22.1
S Africa	+4.2	-30.2
Spain	+27.4	+30.7
SWEDEN	+29.7	-1.1
Switzerland	+0.5	-19.7
UK	+8.5	-14.8
USA	+13.3	-17.4

* The Financial Times, Goldman Sachs and Co, Wood Mackenzie and Co Ltd 1987



A world of one-day wonders

IS WALL STREET rallying once weekly or once weakly? Neither performance is very virile but the former would be more fun than the latter, perhaps paving the way — so the optimists hope — for a modest summer rally.

Either way, US equities have stumbled into a pattern of one-day wonders. Somewhere around the middle of each recent week, stocks have rallied strongly for a session on the flimsiest of reasons, only to sink back in subsequent days.

For the cause of this week's short-lived surge, investors looked far beyond New York's concrete canyons to the parched fields of the mid-West. Agricultural prices have been soaring because the long, hot and dry spring might ruin this year's crops. The consequent fear of inflation has been depressing financial markets.

So they danced on Wednesday in Wall Street when it rained in Iowa. Commodity futures prices fell, bonds rallied and stocks rocketed. Even the dollar, with helpful comments from Alan Greenspan, chairman of the Federal Reserve, flexed its muscles.

The Dow Jones Industrial Average jumped 48.36 points to close at 2,102.95, only eight points below its post-crash high set on April 12. The day's New York Stock Exchange volume was the

Wall Street

sixth-best ever at 310m shares but there was not much in the bonanza for the bulk of impoverished brokers.

Almost one-third of the shares were ultra-short term trades in Pacific Gas and Electric, a record for a day's trading in a single stock, as investors captured its quarterly dividend yielding 12 per cent. These huge back-to-back buy and sell block trades pay brokers only a cent or two per share but the money adds up for the lucky few firms who arrange them.

Dividend capture aside, volume was still well above this spring's average. Buying was broad and sustained across most sectors amid signs that institutional investors were committing to the markets some of the cash they have piled high on the sidelines since the crash.

With stock index futures trading at a premium over the prices of the underlying stocks, the opportunists waded in as usual with a wave of index arbitrage. Undeterred by the NYSE ban on the use of its order computers when the Dow rose nearly 50 points, the arbitrageurs' floor brokers ran frantically around the trading floor to place the orders by hand.

When the sun shone in Iowa on Thursday, the rally evaporated. Stocks ventured timidly above the post-crash high during the day but profit-taking and a flurry of index arbitrage on the downside, when the index futures were at a discount, left the Dow down nearly 10 points at the close. Smaller capitalisation stocks, however — predominantly on the American Stock Exchange and the over-the-counter market — sustained their rise for a second day.

The once-weekly rally could be a sign that investors are trying to build a base for a summer advance, some analysts argue. A number of major institutional investors and fund managers said they were reviewing their recent strategies intently, implying they planned to buy more stocks.

Their main comfort lies in recent data which has suggested the US economy is slowing from its inflation-inducing pace of the first quarter. The evidence is still sketchy and contradictory with, for example, the producer price index rising 0.5 per cent in May.

The markets will be watching closely for confirmation of the cooling trend in the stream of economic data due in the next few weeks. One of the most important is the first — April's trade deficit, which will be released on Tuesday. Economists are expecting a shortfall of about $12bn on a seasonally adjusted basis.

Analysis is being made more complicated, however, by the reintroduction this week of seasonally-adjusted trade data. Discontinued in December 1985 because they had proved too unreliable, the statistical series has been revamped.

Seasonal adjustment will smoothe out some of the big monthly swings in the trade figures. In the process, though, they will make the trend look less encouraging. Three weeks ago, the markets learnt that March's deficit, for example, had fallen sharply to $9.75bn unadjusted, which implied that exports were winning the battle over imports. Seasonally adjusted, the markets learnt this week, the deficit was $11.95bn.

In a perverse way, this could be received well by the markets. They had panicked on the original news of the March deficit, worrying that robust exports would strain industrial capacity and exacerbate inflation. In a total reverse of logic from the reasons investors gave for the crash, perhaps they could warm now to the idea of a large and unshrinking deficit.

The once-weakly rally is a lot less encouraging. The markets, argue the pessimists, remain incapable of mustering the strength to break out of the narrow trading range of 1,750 to 2,150 on the Dow Average. The upper level "is looking like a brick wall to us," said Hugh Johnson, chief investment officer at First Albany.

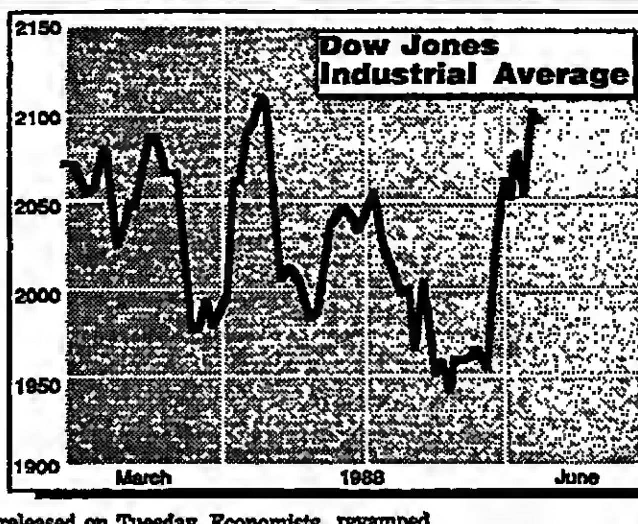
For those who remain bearish, the economic data is bad whichever way they look at it. On one hand, they believe the figures show sufficiently strong growth for inflation to remain a worry even though long-term interest rates are at their lowest levels in six weeks. On the other, they would react just as negatively if the economic slowing trend was confirmed, taking it as a sign of impending recession.

The sector falling out of favour fastest is aerospace. After outperforming the market by about 9 per cent in the first quarter, it began to falter in April and May. Its decline has accelerated since the Reagan-Gorbachev summit because, in analysts' minds, any sign of superpower detente translates into less defence spending. The possibility of a defence budget-cutting Democrat in the White House come January is a further factor.

Even a company such as General Dynmaics, which recently has won a number of big defence orders, is being priced as though it had no chance of increasing its earnings. From a 52-week high of $73⅞, it is now trading at $54½. Salomon Brothers is recommending only two stocks in the sector, Martin Marietta and Boeing.

Monday	2075.21	+ 03.91
Tuesday	2054.59	− 20.62
Wednesday	2102.95	+ 48.36
Thursday	2093.35	- 09.60
Friday		

Rod Oram



• FINANCE & THE FAMILY •

Christian Tyler asks if the private borrower really ignores the reality of interest rates

Never mind the APR, where's the cash?

ARE PEOPLE blind to interest rates?

Some years ago I found myself sitting next to an aldermanic personage at a slap-up City dinner. He told me that in real life he ran a small loans business in Wimbledon. I asked him how much he was charging and he said: "20 per cent and upwards." But who, I protested, would pay such exorbitant rates? "If they need the money they don't look at the rate," he replied. "They only want to know what the monthly payments will be."

The psychology of the private borrower is of more than academic interest at the moment because the Government is rather depending on us to respond rationally to its upward pressure on base rates.

Monday's rise of half a percentage point, to 8½ per cent, was the second in five days; and retail lenders expect to see 9½ or 10 per cent by the end of the year.

If these signals are not enough to take personal credit off the boil, the Government will be faced with an ugly choice: to instigate penal rates (bad for business and the pound) or to reintrodnce credit controls (against its whole philosophy). So the public's correct response to interest rate movements does matter.

"Very little work has been done on interest-rate sensitivity," said Sean Duggan, resident economist of the Bristol and West Building Society. "But I have the feeling that lenders think their customers are more sophisticated than they actually are. Most consumers of financial services are stupid."

By stupid, Duggan means that very few private borrowers bother to shop around before committing themselves. Nor do they take into account what the future will do to their monthly repayments, even though the trend of rates can usually be predicted three years ahead to within about one percentage point.

According to the analysts, interest rate awareness is negligible among credit-card spenders: they live now and pay later. People buying cars and washing machines on tick are not much more awake (how many car salesmen can explain what APR means?): but perhaps they don't need to be, since their capital repayments dwarf the interest from the start of the loan.

When it comes to mortgages – there is £184bn worth of them outstanding, 85 per cent of all personal credit – we are apparently more rational, bnt not always in the way we should be.

Mortgages are cheaper now than they have been for a decade, and rates are heading upwards. Yet people are on average more deeply committed than ever. They are stretching themselves to the limit because money is cheap. But logic says the right time to be up to your neck in debt is when rates are high and pointing downwards, not when they are low and going up.

On the other hand, as the banks and building societies point out, housebuyers are in a peculiar sort of market.

For one thing, the house or flat you ended up buying was so desirable that it was well worth the extra money you couldn't really afford to borrow when you started house-hunting.

Second, incomes are rising in real terms and the present extraordinary house price inflation ensures that you get an asset on the cheap.

If borrowers, then, are not very price-sensitive, lenders at least ought to be. But how much advice, in practice, do lenders give?

My bank manager told me that his head office will supply an interest rate forecast, but that he is rarely asked for one. The determining factors in borrowers' minds are, first, the price of the house and, second, the income multiple he will allow them.

"If rates do rise, it could hurt some people," he said. "But I think in most cases their loan will be manageable."

Building societies give their branch managers stricter guidelines than do the banks. Therefore their customers may appear better advised.

"There is a 'can't lose' mentality at present," said David Gilchrist, of the Halifax Building Society's research department. "But as people see slackening prices and rising rates that mood will gradually change."

First-time buyers, whose decisions are critical to the credit mass, will be forced to drop out for the time being, he thinks. "I think there is sensitivity there, but it's to do with the general mood of the market."

Gilchrist and others say mortgagees are in general becoming a little more sophisticated. But some building societies may be simultanaously weakening money price-consciousness by inviting borrowers to adjust their payments only once a year.

That would tend to insulate them from the buzz of the marketplace, according to Keith Flint, market information manager at the Abbey National. At a time of rising rates, people living on a tight budget could overspend for months before the bad news landed on the mat.

If it turns out that private borrowers are indeed misbehaving (in the economic sense) and that many lenders are letting them misbehave, the Government has perhaps one other recourse: it could make lenders issue health warnings.

Here is a specimen: "HM Government has determined that borrowing may be bad for your bank balance. The cost of your loan can increase as well as decrease. HM Government's past performance is no guarantee of future results."

Home loan war still on

THE RECENT rise in interest rates has not yet triggered any rise in the cost of home loans. Indeed, the highly competitive conditions in the mortgage market are continuing to keep a downward pressure on rates.

This week, the Abbey National Building Society actually cut its rate by 0.5 per cent to 9.25 per cent on loans of £60,000 or more. The reduction applies immediately to new borrowers and will be extended from July 1 to all existing borrowers with mortgages of this size.

It is part of the Abbey's response to the recent Apex scheme launched by its arch-rival, the Halifax, which cut its lending rate for mortgages over £60,000 to 9.5 per cent – but only for new borrowers and on loans up to 75 per cent of the purchase price.

Abbey, however, is prepared to give loans up to 85 per cent of the purchase price for properties valued up to £100,000, and 90 per cent for those valued above that figure.

■ The National & Provincial Society is offering first-time home-buyers a special discount of 0.5 per cent for the first year from its base mortgage rate of 9.75 per cent. However, the discount is available only for a package scheme that includes an endowment mortgage, buildings and contents insurance – useful commission-earners for the society.

■ The Scarborough Building Society has linked up with a Dutch bank, Algemene Bank Nederland, to provide "an integrated mortgage scheme" called Folio which has a rate near the bottom of the scale at only 9.2 per cent on loans of between £40,000 and £300,000. The society says the package includes a low-cost buildings insurance scheme (charging £1.35 per £1,000 of cover).

■ Another overseas bank, Security Pacific of the US, has got together with insurance company Guardian Royal Exchange to launch a mortgage service which, it is claimed, can cut initial payments 30 per cent below normal. The idea is that you start with lower payments which are then increased at 5 to 10 per cent a year.

Alternatively, you can start by paying a higher amount which will be reduced later if you expect a drop in income, possibly because of a wife giving up work to have a baby.

John Edwards

Deadline looms

"MORE CASH if you dash" is the slogan being used by Legal & General to summarise the reason why you should consider taking out an old-style personal pension (known as a section 226 policy) before the July 1 deadline, when it will be replaced by the new-style personal pension.

Under the new pension plans, the tax-free lump sum that you can take on retirement is limited to 25 per cent of the value of the fund accumulated and there is a maximum limit of £150,000.

This compares with 33 per cent of the residual value that can be paid out under the existing section 226 policies, which will no longer be available after July 1.

So, if you want to take out a higher tax-free lump sum, and therefore a reduced pension, you would do better to go for a section 226 policy. Even if you do not anticipate needing the extra cash, when retirement comes the lump sum payment is tax-free, as opposed to pension income, which is liable to tax.

Possibly the strongest argument, however, is that you can have the best of both worlds by taking out a section 226 policy now, since it can be converted into a new-style personal pension any time after July 1, while it will not be possible to switch into a section 226 after that date. Of course, the benefit of the larger tax-free lump sum will be lost if you switch to a new personal pension, but you might want to do so if you decide to retire early. The minimum retirement age for section 226 policies is 60, while it is as low as 50 under the new plans.

Realistically the option of taking out a section 226 policy is now confined to the self-employed or those not in a company pension scheme and receiving non-pensionable earnings.

You can opt out of your company pension scheme, but it is unlikely that your application to opt out could be processed in time; indeed some companies have restrictions on leaving a pension scheme to, say, the anniversary of your joining.

At the same time, it is important not to be rushed into making a hasty decision merely to gain the advantage of a larger lump sum.

Meanwhile, several more companies, including Legal & General, this week unveiled their plans for new-style personal pensions available from July 1.

Skandia Life has included in its package a new type of guaranteed fund, which it claims is much superior to merely putting money on deposit, with variable interest.

It works something like a short gilt (government security). You buy units in a fund, which guarantees that they will be worth £1 each at the end of a five-year period. The price of the units varies during the first year according to the current rate of interest, but once you have made the purchase you have a guaranteed rate of return.

At the end of the five-year period, you can buy more units or switch to another form of investment.

John Edwards

Richard Waters on how best to assess the varied information contained in annual financial reports

Act to lift the lid on pension performance

MOST people's second most valuable asset, after their home, is their pension. Yet, incredibly, there has been no legal right in the past to find out about the financial performance of this investment.

Many members of occupational pension schemes now have that right, and all will do so by next autumn. This is a welcome development for the 12m pension scheme members, or over half of the working population. But what they make of the information they get is another question.

The information is a by-product of the 1985 Social Security Act. The Act says that annual reports on pension schemes must be "made available" to scheme members. These must include audited accounts, as well as reports from a scheme's trustees and an independent actuary.

This is a good opportunity for companies to promote their pension schemes to their employees. The new personal pensions legislation allows employees to opt out of their occupational scheme: expect companies to try to persuade them to stay.

The problem with a pension scheme's annual report is working out just what a pensioner (or future pensioner) should read into it. There is no necessary link between a pension scheme's performance in any one year and its long-term ability to pay out promised pension benefits.

For a start, companies may make good any shortfall in a fund (though most restrict their responsibility to do this). Also, a pension fund's solvency is not generally affected by the short-term ups and downs of financial fortune. Witness the lack of concern after the stock market crash last October: although pension schemes had invested heavily in equities, there was no general fear that a slice had been taken out of the value of the nation's pensions. In the long-term perspective taken by pension schemes, the stock market crash was no more than a slight blip.

Actuaries use various methods for arriving at their estimate of a pension fund's solvency. One involves an average of the market value of the investments over a number of years. It would take several years of depressed share prices to expose a deficiency in a fund.

Another valuation method relies on an assessment of a fund's long-term stream of income. The stock market crash, while hitting prices, has not damaged this stream of dividend income from shares – in fact, shares now have a higher yield, since the same income stream can now be bought for a lower price.

It is therefore important not to read too much into the investment performance in a particular year. Investment managers as a breed did badly last year. This may be of concern to trustees: but it does not undermine the security of a fund, or mean that their will not be any cash in 20 or 30 years' time to pay a pension.

All this suggests that it is the actuary's report that is the most important single piece of information in a pension fund's annual report. This highlights whether there is any deficiency or surplus in the fund in relation to its long-term liabilities. If the actuary identifies a deficiency, pensioners and employees should seek further information in the trustees' report about how this will be rectified.

A surplus will also need to be dealt with: the Finance Act 1986 penalises companies which keep a surplus of more than 5 per cent in their funds. Surpluses can be used to benefit a company or its employees: it is therefore not surprising that they have become a subject of dispute in recent years.

The second most important piece of information in the report is the auditor's opinion on the figures. Any qualified report from an auditor is likely to indicate a serious matter – auditors do not issue them lightly, or often. In particular, auditors will indicate if a company has not been making the contributions to a scheme that the actuary has said are necessary to keep it solvent.

Where to find the facts

A PENSION scheme's annual report falls into four parts:

ACTUARIAL REPORT. This indicates whether or not the fund can meet its long-term liabilities. It is not an annual statement, but must be prepared every three and a half years. This means it may be considerably out of date.

On the other hand, an actuarial valuation produced earlier than the company's normal valuation cycle demands may suggest that the company believes that there is a surplus in its pension fund of which it can take advantage. It is not unusual, for instance, for companies threatened with takeover to revalue their pension scheme and use any surplus to reduce their own contributions the next year. This supposedly enables them to predict higher profits in the coming year, bolstering their defence against attack – though such a boost to earnings is unlikely to sway a sophisticated reader of accounts.

AUDITED ACCOUNTS. These give details of the scale and nature of a scheme's assets, and how effectively they were invested over the past year.

The way the accounts are drawn up and presented is governed by what is called a "statement of recommended practice" (or SORP). This is not a legal requirement, and has no force: but any departure from the SORP, which should be noted in the accounts, should prompt questions from the reader, and should be explained in the report.

Three additional pieces of information in the notes to the accounts are of special interest:

■ The amount of sales and purchases of investments during the year. This will give the first public indication of the turnover of individual pension funds, and thus how long they hang on to their average investment.

This could provide ammunition for the Inland Revenue, which fears that some funds act more like equity traders than investors. A high turnover may indicate trading, and so threaten a fund's tax-exempt status.

Details of a fund's turnover will also point to its attitude to long-term investment. Many companies have attacked investment managers for taking too short-term a view in their investments, making it impossible for companies to focus on long-term performance.

■ The amount invested in the employing company's own shares, if this exceeds 5 per cent of the fund's assets. Such self-investment has been the subject of a guidance note from the National Association of Pension Funds, but is not forbidden.

■ Details of the concentration of investments. Again, 5 per cent of the total fund is threshold for disclosure: any investment representing more than this must be shown. This will help the reader to assess if the fund has too many of its eggs in one basket. As a general rule, the more widely spread the investments, the more secure the fund. The conflicting interests of high investment returns and security need to weighed.

TRUSTEES' REPORT. Trustees are required to report on any changes that have occured in a scheme's rules or benefits. They also provide a commentary on the figures in the accounts, much as a chairman's statement in a company's annual report comments on the year under review.

If contributions have not been paid into a scheme in accordance with its rules or the recommendations of the actuary, the trustees' report must also explain why, and say how the shortfall will be put right.

INVESTMENT REPORT. This may be part of the trustees' report, but in larger funds is often kept separate. One of the most interesting pieces of information this will contain is the basis on which the investment managers are paid. It will not actually state the fee paid, but should give a good pointer to whether it grew or fell in the year under review.

This report gives more detail about the assets in the fund. The SORP (which is not statutory) requires funds to break down their investments according to industrial and geographical sectors, as well as detailing the ten or 20 largest investments.

Sir William Rees-Mogg

Help is at hand

PRIVATE INVESTORS have had a rough time since the Big Bang on the London stock market in October 1986. During the boom times they were put at the bottom of the pile by most brokers, and then charged more and more for inadequate and poor service. They also suffered badly in last October's crash.

Implementation of the Financial Services Act might provide more protection against crooks, but it also is going to involve heavy extra costs. There are no prizes for guessing who will bear the brunt.

With that in mind, an association to "promote, protect and represent" the interests of private investors was launched in London this week. Backed by an advisory panel of distinguished names, it hopes to provide the kind of service to investors as the AA or RAC gives motorists.

The Association of Private Investors (API) will seek to handle their complaints and also act as a "lobby" to protect their interests.

The founders of the association are the editors of *Private Investor* magazine, which will provide the initial finance and supply the chairman, Ralph Apel, and secretary, Baymond Henderson. However, they have assembled a powerful advisory council that should help to ensure that the association's views are heard.

It includes Sir William Rees-Mogg, appointed recently as head of the new Broadcasting Standards Commission; Lord St John of Fawley (known better as Norman St John Stevas); John Biffen, previous leader of the Conservatives in the Commons; Dame Stella Roberts, Baroness Elles; and solicitor Sir David Napley.

Apel says the idea for the association came from letters written by the magazine's readers. These showed that many of them were treated badly by brokers and companies to which they often entrusted their life savings. As individuals, their complaints tended to be ignored, but grouped together in an organisation, they would have greater strength.

Noting that the number of private investors had increased dramatically in recent years, Apel said it was about time that they had an organisation to represent their interests.

The association will charge members an annual subscription of £47.50. Details from the API at 10 South Molton Street, London W1Y 1DF (Tel 01–408 0643).

J.E

Diary of the missing Barlow Clowes millions: **Nick Bunker** reports on events

Confusion reigns...

THE SEARCH for more than £130m of money belonging to 11,000 people who invested in Barlow Clowes International (BCI), the gilts fund manager, has shifted in the last 96 hours from London to Gibraltar and now to the Channel Islands.

Liquidators, led by Nigel Hamilton and Bill Roberts from Ernst & Whinney, the accountancy firm, are now combing BCI's records in an effort to produce a list of all its investors.

But it could take many days to clear up the confusion about the affairs of BCI and its founder Peter Clowes, which has deepened in the past week.

Barlow Clowes first hit the headlines on May 28, the day after the Securities and Investments Board, the City's new watchdog, ordered the liquidation of Barlow Clowes Gilt Managers, a London and Cheshire-based investment company which had taken in about £51m from about 7,000 investors.

So far, BCGM's investors appear to have escaped relatively lightly, because Michael Jordan of Cork Gully, BCGM's special manager, has apparently found a deficiency of only £1.5m.

The dramatic turn of events came during the past week, when Gibraltar-based BCI became the centre of attention.

On Tuesday, Clowes resigned as chairman of BCI's parent company, James Ferguson Holdings, and James Ferguson sought the appointment of Ernst & Whinney to liquidate BCI, amid the revelation from Clowes that a third of the £138m invested in it was in "problematic assets" – that is, illiquid investments, apparently including property loans.

There are now three key questions to which BCI's investors need answers.

● Where is the £138m?

As Ernst & Whinney began examining BCI's records on the Rock on Thursday, they found that only about £1m or £2m was in the Gibraltar company. This was not too surprising and, in itself, not too alarming.

The rest of the money is thought to have gone to another Clowes company, Barlow Clowes and Partners (Jersey). But Ernst & Whinney have no records for this company, and the documents are thought to be with Clowes himself. It is now likely that Ernst & Whinney will seek an order, possibly in the High Court in London, to give it access to the Jersey company's documents.

● What were the "illiquid assets" in which part of the £138m was invested?

At the moment, Ernst & Whinney is casting its net very wide in Gibraltar, investigating the ownership of a number of properties and even a yacht which may be linked to Clowes.

First steps into the unknown

Christine Stopp on the pros and cons of forward pricing

FORWARD pricing for unit trusts – where you give your order "blind" and a price is added later – will be a reality from July 1.

The unit trust groups were angry when forward pricing was first suggested by the Securities and Investment Board (SIB) last year. Then came the October crash, when groups forced holders to deal forward at unknown prices whether they liked it or not. Now, less than three weeks away, there is a deadline which will make forward pricing obligatory in some cases, and will throw established systems for pricing unit trusts up in the air.

There are two main changes you will have to get used to if the group of your choice switches to forward pricing. First, you will have to make buying and selling orders without knowing the price to be placed on the units. Second, you cannot see the price in the current day's newspaper, but will have to wait at least until the following day to cross check that the right price has been given.

Forward pricing is designed to protect long-term holders, since it means that new units cannot be created by the manager after the price is known. The practice of some fund management groups dealing late in the afternoon at tomorrow's price, or creating units to a price from yesterday or the day before to make a guaranteed profit, has undoubtedly existed. It is unfair to the fund because it means buyers may be quoted too low a price and sellers too high a price. In both cases, the difference is made up from the fund, to the detriment of existing unit-holders.

Under the new regulations, groups can choose to deal on either a forward or a historic pricing basis. But there are some circumstances where forward dealing must be used, though. Postal applications for units must be dealt forward and telephone callers must be offered a choice of forward or historic dealing. All dealings must switch to a forward basis if there is a significant move in the market, and with deals above £15,000 the group will have the discretion to switch to forward pricing. If fund managers using an historic pricing basis run out of new units created at the latest price, they will be compelled to go forward.

So far, unit trust groups have been a little reluctant about showing their hand on what pricing system they are going to select. They fear that forward pricing will be unpopular, and those groups which have decided to "go forward" are anxious to see this become the industry standard before coming out in the open. Otherwise, they say, the consumer will become confused.

Though unit-holders might retort that they do not get confused so easily, here is a brief guide to the types of system to expect. Allied Dunbar has decided to deal forward. At least two other major groups, Gartmore and Fidelity, will do so too.

Allied's system will work like this. There will be one daily valuation, at 4 pm. All deals made before then will be dealt at the 4 pm price. Deals made after 4 pm will carry the price set at 4 pm the following day. The pre-4 pm deals will know the price of the following day's paper. But the post-4 pm deals will have to wait until the next day but one.

With this system you will never be able to ring up, ask a price and deal. If you buy units at 9 am they will wait seven hours for a price, even if the market is down in the interim. Nor is there any possibility of putting a limit order on your deal – that is, saying "I want to buy 500 units but only at a price below 50p."

Groups adopting forward pricing admit that it will remove the fine discretion on timing a deal which is one of the areas of expertise brokers have claimed. They counter with the argument that unit trusts are a long-term investment, and a fraction of a penny here or there is not relevant to long-term growth.

The alternative to forward pricing seems to be a hybrid system where a price is fixed in the middle of the day. Dealings before the fix are forward. Those after the fix are historic. The result is that all dealings on one day are at the same price. If you try to deal at 9 am and find the group can't tell you the price, you can call back at 4 pm and deal historically. This is the system to be used by Henderson and probably Save & Prosper though it has yet to announce its plans.

Barclays Unicorn has a variation on this system. Its price is set at 10 am, when dealings start, so all the day's dealings are at a historical price.

M & G has been using the am forward/pm historic system for years, and cannot see what other groups are making such a fuss about. It says that its method works perfectly well and to the satisfaction of unit-holders. It doesn't seem to have been a disincentive to brokers either, since the group has increased its broker business strongly over the last ten years.

If M & G can make a hybrid system work so, presumably, can others. The decision to go to forward pricing exclusively may be linked to a policy of active "box" management, where unit trust groups make dealing profits of their own on units they hold in their own right.

Forward dealing, the industry belatedly agrees, will ensure fairer dealing for all. It should prevent fund managers manipulating the "box" for their own benefit. But whether the unitholder will be happier on July 2 buying "blind" remains to be seen.

Move for Wakeling

ANDREW WAKELING, who masterminded the proposed merger between London Life and Australian Mutual Provident, is to become deputy managing director of the former from July 1. Ian Salmon, AMP's chief general manager (international), and Lord Catto, its UK chairman, have been appointed to the London Life board.

The appointments are among a series of board changes by London Life, which was forced to cut its bonuses after the stock market crash.

Wakeling, as a partner with consulting actuary Bacon & Woodrow, suggested that the best solution to London Life's problems would be to merge with Australia's largest insurance company. AMP has assets of £10 bn and wants to expand in the UK.

London Life policyholders have yet to agree to the deal but Wakeling says that, with sound financial backing, the company is in a strong position to build on its old-established reputation.

Knife-sharpening time

Mark Bevington on the campaign for independent insurance advice

FOR A MAN who has served with the Gurkhas – just as India was getting independence – the present problems posed by the Financial Services Act may seem rather small beer. But Peter Glover, who is retiring from Standard Life next month to become the first full-time managing director of the Campaign for Independent Financial Advisers (Camifa), confesses that it is a stressful situation.

If Glover has not yet had to unleash his kukri – the sharp knife that Gurkhas carry – that may be because plenty of knives have been out in the buildup to what is developing into a classic battle between companies relying on independent financial advisers to sell their products and those using their own sales representatives or "tied" agents.

It all came into the open when Camifa issued advertisements which upset the life insurance offices which use company representatives to sell their products. One ad, headed Insurance against Insurance Salesmen, was censured by the British Code of Advertising Practice Committee following complaints. It asked Camifa not to run the ads again.

Glover agrees that the ads were derogatory of the insurance industry. "But the fact is the ads did not reflect Camifa's view. We had a survey carried out about what people think of the life insurance industry. The general public's view is that insurance salesmen are foot-in-the-door people who talk gobbledygook and push products down people's throats. Our ads were only repeating what the consumer is saying."

If this defence of the ads is a bit ingenious then Glover remains convinced that they were "not a mistake."

"We didn't agree with the Advertising Standards Authority's view but we were only going to run it for a few days after A-Day. I am not saying direct salesmen give a worse service than the independents. It's just that independent advisers give better advice because they take a more widespread view."

That has been the message that Camifa has been propagating since it was set up in 1987. Funded by 14 life companies ranging from Scottish Equitable, Standard Life, Scottish Amicable, Clerical and Medical and Norwich Union, it has spent about £12m promoting independent financial advisers and the companies funding it have spent a further £3m or £4m.

The current budget of £7m has just run out and the Camifa board will be meeting soon to ask for money from its sponsors so that it can run press campaigns to spread the message that "independent advice is best advice."

Glover accepts that this message is a rerun of an old argument between direct selling life insurance salesman and the independent broker about who provides the best service.

He claims that Camifa has brought out into the open an argument that has been going on for a long time in the industry. But it is now in a different form because of the Financial Services Act, since one the purposes of the Act was that it was meant to put an end to the sham where tied agents tried to pretend that they were independent.

Glover was not so sure that the Act will achieve that aim and is worried about some recent changes. He is particularly annoyed that company representatives will now be allowed to execute orders on behalf of other companies if clients request them to do so.

"This is a very unhappy development. It has been put in by the Securities and Investment Board (SIB) to protect banks." He says it will be very difficult to police and could destroy the fundamental aim of the Act – to explain to consumers the difference between getting a life product from a company representative compared with receiving independent advice.

But whatever happens Glover is confident that independent brokers have a place. He reacts angrily to the suggestion that in five years' time the number of independent brokers may dwindle to only 500 from the present number of 11,000 (or 25,000 if you take in solicitors and chartered accountants.) Rumours have been rife in the industry that independent brokers will find life difficult as a result of the Financial Services Act increasing costs and reducing commissions. One story goes that the Department of Trade & Industry is running a book about how many independent brokes will survive five years from now and there has been heavy betting on 500.

Glover says: "That is a load of rubbish. You may find certain firms group together but they will not disappear in those kind of numbers." As he says it, you can almost feel the kukri coming out.

Charges halved

AT A TIME when unit trust groups are eager to raise charges, stockbrokers Buckmaster & Moore has come out with a new unit trust product that has significantly lower costs for investors - but only if you are prepared to put up a minimum of £25,000. The initial charge at 2.5 per cent is half the normal charge, and it goes down to only 1.5 per cent for investments of over £50,000. The annual management charge is a normal 1 per cent.

Paddy Ross, the marketing director said the group was able to cut charges because of the high minimum investment. Investors will also be offered free advice on their total share portfolios, and there will be an annual investment seminar.

The Buckmaster Investment Portfolio, as the unit trust is called, will invest in a wide spread of shares, but the emphasis in the initial stages will be on UK stocks. The company already has six other unit trusts.

* * *

AN International Income Plan for expatriates that pays a guaranteed fixed income for any term between five and 10 years, unaffected by any fluctuations in general interest rates in the meantime, has been launched by Clerical Medical International.

Under the plan, part of the investment is used to purchase a short-term annuity to provide the guaranteed income, which can be paid quarterly or annually. The remainder is put into an investment bond, which has greater opportunity to increase in value since it does not have to pay out any income, although this can be done if the investor wants additional income.

The level of income from the annuity chosen by the investor controls the amount available for investment in the bond element. The bigger the slice invested, the more likely the chances of the investment bond increasing sufficiently in value to repay the original capital sum to the investor at the end of the period.

David Barchard looks at the Girobank sale implications

Big changes in services ahead

THE PRIVATISATION of Girobank will mean little for its customers until the identity of the purchaser becomes known, probably in the late autumn. For unlike earlier privatisations, all that is involved is the sale of the bank by its public sector owner, the Post Office, to a private sector company or group.

Girobank is a limited company wholly owned by the Post Office, so its customers have no claim to be its owners and have no voice in the sale, or even the chance of buying shares in a priority issues.

The Government could have decided to float Girobank on the Stock Exchange, but as Mr Kenneth Clarke, the Minister concerned, said on Tuesday, this would have needed a major injection of public sector capital into the bank to enable it to grow to the point where it would have been strong enough to fend for itself in the markets.

With net assets of £100m, the Girobank is far too small to have been able to ward off the predators for long, and however much the Government tried to hedge it with legal protection, a takeover would have been inevitable.

So the Government has opted to sell it outright to the highest bidder. A shortlist will be drawn up by September, and a final decision is promised for October. The transfer of ownership should be complete by the end of the year.

What will this mean for Girobank customers? Mr Clarke says that the aim of the sale is to ensure greater competition in the banking sector and improved customer services.

This appears to mean that the most likely purchasers of Girobank under normal circumstances, the big four or five high street banks, will not be allowed to gobble it up. Instead there will be a contest between other types of institution.

The amount of money needed for the purchase may be only a few hundred million pounds, which will not stretch many corporate pockets.

The purchaser will have a unique entry into the British retail banking system, with a customer base, admittedly likely to consist largely of the less wealthy section of the population, which could provide a powerful base for cross-selling other financial services.

This could be mighty appealing to a wide range of institutions, from UK retail organisations to foreign banks. Another category of potential buyers who might be attracted are the building societies.

However, although societies like Halifax or Abbey National would not have much difficulty in finding the necessary cash to buy Girobank, they seem to be ruled out by the legal restrictions on what they can do.

Mr Clarke said on Tuesday that the purchase would in effect amount to a merger between Girobank and its buyer, so the branding of the financial services and products offered to its customers could look very different a year from now, with perhaps a new name appearing on the labels.

The purchase will probably also give Girobank outlets belonging to its new parent to sell through. At present it operates chiefly through 21,000 Post Office branches as well as by mail and telephone order.

Before the privatisation was announced, Girobank struck a deal with Post Office Counters, the Post Office subsidiary which handles Post Office sales, to continue co-operating with it for another five years and beyond in a rolling agreement.

But it would obviously be useful to have other channels to sell through, if only because this would give it greater bargaining power when renewing its agreement with the Post Office.

So Girobank customers can look forward to major changes in the services they get from the bank in the spring and summer of next year, even if they are not going to be directly involved in the sale.

Girobank: facing a privatised future

David Barchard on the drive for student accounts

A degree of attraction

STUDENT BANK accounts might sound like business that no bank manager would be eager to attract. However, this week Lloyds issued a package of attractions designed to woo customers from the age of 13 and upwards.

Only a few weeks ago, Barclays launched a similar package and all the banks are trying to win teenage loyalties. There are two reasons for this.

First is that more than two thirds of the adult population never switch their current accounts, so customers have to be caught young. Most people stay for life with the bank they join when they start earning.

Second, even if you are a doubtful financial proposition at that stage, the bank can expect to cross-sell its other products, from mortgages to insurance and personal loans, a few years later.

All that has long made banks eager to woo school children and students, though they have discovered that student customers are volatile and hard-headed. They tend to change bank accounts quite easily and they accept the gifts the banks used to hand out (at considerable expense) without any undue feelings of gratitude.

Now the banks are switching to a longer term strategy of emphasising "responsibility" and trying to build up relations with their customers from their early teens onwards in the hope that the habit will last a lifetime.

For young people are getting more scarce. "By 1992 there will be 600,000 fewer people in the 16 to 19 age group," says Kevin Gavaghan, the marketing director of Midland Bank. The banks are therefore fighting each other now for their share of the lucrative parts of the UK retail market in the second and third decades of the next century.

For £10, a 13-year-old can now enter the banking system, and enjoy something that his or her parents probably do not - an interest-bearing current account.

Headway, the Lloyds package for school children and students which was launched this week, pays an annual rate of 3.5 per cent each month to those who join it. At 13, he or she will be able to draw money out of Lloyds cashpoint machines. At 15, a cheque book will follow, and at 18 a Visa debit card or an Access credit card.

However, the 18th birthday also brings with it the bank charges payable on any Lloyds standard current account, though interest will continue to be paid on balances in the black, unless you are a student in full-time education, in which case you will continue to receive free banking up to the age of 22.

The goodies which Lloyds and the other banks used to dish out to its customers have not altogether disappeared. Up to the age of 13, the only gift you will get, apart from a money box, is a not very jolly statement holder, but the over-13s can expect personal organisers and money management packs.

Lloyds says that its new approach is based on the discovery that teenagers "play the system" to get free gifts but then tend to despise the banks for giving them.

To help educate teenagers it has prepared a video film about teenagers and financial services which it hopes will be shown in UK schools. To enhance its general educational appeal, relatively little mention is made of Lloyds in the film, since schools do not like being used directly as channels for commercial messages on behalf of particular organisations.

There are also teaching aides on personal finance, industry and the economy, foreign exchange, and business studies.

Meanwhile, Midland Bank is offering its student customers from this week onwards interest on credit balances of 3.84 per cent after tax. Students will also be exempt from commission charges, even when they are overdrawn. Both Lloyds and Midland offer students overdraft facilities of up to £200.

On amounts above that, the banks both offer concessional rates, and new graduates can obtain overdrafts of up to £1,000 or a two-year personal loan for the same amount at special rates.

Cynics might say that the overdrafts at this stage of a career will cement the long-term relationship between the banks and their customers more effectively than most of the other concessions on offer.

It is also fairly clear that the four big banks are still offering their customers very much the same sort of products and services. Lloyds and Midland seem to be concentrating on upgrading their image and giving their products a strong "brand" identity.

Lloyds in particular seems to feel that it has a fuddy-duddy image which it must jettison if it is to win favour with young customers. Its sales pitch seems to be directed at children with families in the lower income advertising categories, the C and D groups, rather than the wealthier A and B sectors.

Most children, at least until they leave home for university or a job, tend to bank with their parents' bank if they have a bank at all. The current campaign for younger customers may well win a little business which a generation ago would have gone to a savings account in a building society or with National Savings.

However, long-term loyalty to a bank, whether among adults or children, probably does not come from branding, or images, or freebies, but rather from the quality of service in a customer's branch. That in turn depends on a product which the big banks have not yet discovered - a formula for upgrading the individual branch manager and his concern for his customers.

Barclays steps up action

BARCLAYS Bank is stepping up the battle between banks and building societies to attract business from depositors who want easy access to their money while it is earning interest.

Until June 30 the minimum amount required to open a higher rate deposit account with Barclays has been cut to £500. It will qualify until the end of the year for the higher rate of interest, raised this week to 7 per cent gross (5.25 net after deduction of composite rate tax), which is normally paid on balances of between £1,000 and £9,999. The requirement for a minimum balance of £1,000 will be re-instated from July 1.

In addition the bank has launched this week a new deposit account, called Capital Advantage, offering a higher rate of interest if you keep a minimum balance of £10,000 and give one month's notice of any withdrawals. The rate was raised this week to 8.25 per cent gross (it is paying 8. per cent gross (6.25 net).

Barclays says that the higher rate deposit account, which allows you instant access to your money, has attracted over £6.4bn since it was introduced three years ago.

However, the bank evidently feels the need to give an extra boost to attracting deposits bearing in mind the increasing competition from building societies and other banks. The recent cut in interest rates has stimulated savers, faced with a drop in income, to shop around.

Although high interest cheque accounts have become very popular in recent years, the problem is that the charges often made for issuing cheques or paying bills, exceed the interest paid at the current levels. With a deposit account there are no such problems, since they do not include cheque facilities. Until now, however, many of the bank deposit accounts have been paying a low rate of interest, because of the small minimum balances required and the ability to draw money out on demand. Now they are having to become more competitive.

Meanwhile, Lloyds Bank this week joined the fray by offering free banking to customers who maintain a minimum balance of £5,000 in their high interest cheque accounts. Until now you receive only one free withdrawal each month, and then have to pay 50p for any subsequent withdrawals by cheque, Cashpoint, or as a result of direct debits or standing orders. In other words it costs you money to use the cheque book and other services provided, but only now if your balance is below £5,000.

John Edwards

Lacklustre wine sale

IT WAS a buyer's market on Wednesday at Sotheby's Finest and Rarest Wine Auction for classed-growth clarets, particularly of the previously much-sought-after 1982 and 1983 vintages.

In a lacklustre sale, prices were usually close to or below auctioneers' estimates, with a certain amount bought in. The first-growth '82s maintained fair prices, if well below their best a year or two ago as shown in brackets: Lafite and Mouton Rothschild both brought £550 a dozen (£680 and £650). But it was the second-level '82s that showed most poorly: Pichon-Lalande £280 (£320), Ducru-Beaucaillou £280 (£340), Leoville-Las-Cases £220 (£300) and Beychevelle £160 (£220).

Among the '83s Chateau Margaux secured the top price at £380 (£460), Mouton Rothschild made £230 (£420), Haut-Brion £240 (£320) and Ducru-Beaucaillou £160 (£250). Even Petrus, the market leader, fell, with the '83 going for £900 (£1,200). With American buyers more or less out of the market, and not unlikely to become sellers, the current prospect for investment buyers is at least dull.

Among older vintages Mouton Rothschild '61 brought £1,900 and Latour '61 £1,800, compared with £3,000 and £2,500 back in the peak year of 1985. Yet a magnum of Mouton Rothschild '49 went for £3,000 and of the same chateau's off-vintage year '56 for £1,900 while two bottles of the rare Petrus '61 sold for £950.

Edmund Penning-Rowsell

CHESS

GARY KASPAROV said in a *recent interview with the US Chess Life* that he had an open mind about playing a world title match against an American grandmaster outside the official FIDE system. Since Bobby Fischer is permanently secluded, that means in effect that if sponsorship is available then Kasparov would meet US No. 1 Yasser Seirawan.

Seirawan himself was more forthcoming: he was sure that Kasparov would accept a challenge from Nigel Short, Jan Timman or himself. But at present both Short and Timman are still in the elimination matches which lead to an official opponent for Kasparov in 1990, and are also committed to the series of World Cup tournaments.

That such possibilities can be mooted reflects how rapidly Kasparov is running out of new opponents and new challenges. At last month's European Options Exchange tournament in Amsterdam he scored an overwhelming win with 9/12, ahead of Karpov 6½, Timman 5½, and van der Wiel 3. In rating terms, this *was the strongest tournament* ever held and Kasparov's FIDE world rating will now be around 2770, closing fast on Fischer's all-time peak of 2780 set after his celebrated 6-0 match victories in 1971.

Kasparov has already routed a series of leading masters (Hübner, Timman, Andersson and Miles) in brief non-title matches, while his clear margin over Karpov in Amsterdam confirmed his superiority over his great rival. Nigel Short is now his most interesting potential opponent, but there is no hurry for the British No. 1 as long as he stays in the official eliminators where he meets Speelman in the quarter-finals at London's Barbican Centre in late August. The prospects for Short, if he wins the match, are for valuable educative semi-final and final eliminators against Timman and Karpov with an *accompanying steady rise* in media and sponsorship interest for his eventual title challenge. The chance of a match outside the FIDE system is thus, at the moment, just a psychological boost: it diminishes the pressures of failure in the official series.

Kasparov was lucky in his first game with Karpov at Amsterdam but generally played as a world champion in peak form. His opponent in this week's game, a strong grandmaster, is crushed in impressive style.

White: G. Kasparov (USSR). Black: J. van der Wiel (Holland).

Queen's' Indian Defence (Amsterdam 1988).

1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-QN3; 4 P-QR3.

Kasparov's patent, the prime *opening weapon* of his teenage years but which he now rarely uses.

4 . . B-N2; 5 N-B3, P-Q4; 6 PxP, NxP; 7 Q-B2, P-QB4.

Here 7. . . NxN is a well analysed alternative.

8 PxP, BxP; 9 B-N5, Q-B1; 10 R-B1, P-KR3; 11 B-R4!? P-QR4?

Various games have established that Black has reasonable chances after 11 B-Q2. Black's pawn advance is a dubious weakening of his Q-side front, and a more critical line looks 11. . . NxN; 12 QxN, O-O; 13 P-QN4, B-Q3 or here 13 N-K5, B-Q5! or 13 P-K3, N-B3 with active piece play.

12 N-R4! N-Q2; 13 P-K4, N-B2; 14 NxB, PxN.

Already in the space of a few moves Kasparov has a pronounced advantage: two pawn islands against three, and B v N on an open board.

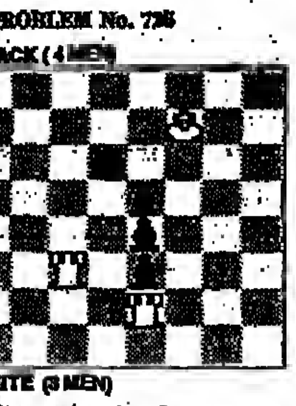
15 B-K2, B-R3; 16 O-O, O-O; 17 KR-Q1, P-B3; 18 B-N3, R-B2; 19 B-QB4, BxB; 20 QxB, P-K4; 21 N-R4, Q-K1; 22 N-B5, Q-K3; 23 Q-K2, R-N1; 24 R-Q6, Q-K1; 25 QR-Q1, N-B1; 26 P-B4, N-N4; 27 PxP!

The champion is sure-footed in tactics; this wins a pawn while keeping his advantage in position. From here on Black's game steadily crumbles.

27. . . NxR; 28 NxN, Q-R5; 29 NxR, RxP; 30 NxP ch, K-R2; 31 Q-R5, P-N3; 32 Q-B8, KxN; 33 R-KB1, Q-Q5 ch; 34 K-R1, N-R2; 35 PxP, NxP; 36 B-B4 ch, K-N2; 37 B-N5, R-N3; 38 Q-R3, K-N1; 39 Q-B8 ch, K-N2; 40 Q-B7 ch, N-Q2; 41 Q-B4, Q-B5; 42 P-R3, Q-K3; 43 R-Q1, R-B3; 44 B-Q8, N-N3; 45 R-KB1, Resigns.

PROBLEM No. 736

BLACK (4 MEN)



WHITE (9 MEN)

White mates in three moves, against any defence (by N.A. Bakke, 1969). It looks easy, but White has to find the exact formation for his rooks.

Solution Page XIX

Leonard Barden

Soldier seeks new base

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I am a married serviceman and because of the numerous postings I experienced in my first years in the forces I found it impracticable to buy a house in the area in which I was stationed. To get a foot in the housing market my wife and I purchased a property which was pre-let to the American Services. No rent is payable until April 1991 when we have the option of vacating the premises or paying a rent of $4865 per year. We used all of our savings for this as we could not get a mortgage in time and were told that in any case we would not qualify for Miras.

Now that my postings are longer, we would like to buy a house near my present station. We could not advantageously sell the first house until vacant possession is obtained. We are likely to have to move again and either sell or let the second house at some time in the future. The first house and projected second house will ultimately both be sold to buy the type of family house we hope eventually to own.

I would be most grateful if you could please advise me on the following points:

1. Will it be advisable to take a mortgage now against the first house as well as the second in order to offset the interest payments against the rent if and when received in 1991?

2. What action, if any, should we take now in order to minimise or eliminate capital gains tax upon disposal of either or both houses in future?

3. Is there any other aspect that should be considered?

1. No. Mortgaging the first house would not entitle you to set the mortgage interest against the rent (ever). It is the purpose for which money is borrowed that determines whether tax relief is available for the interest; the security for the loan is irrelevant. Ask your tax office for the free explanatory pamphlets IR11 (Tax treatment of interest paid) and IR63 (Miras).

2. There is nothing that you can do in relation to the first house, as far as we can see from the facts outlined. Since you presumably mean that you will be moving into the second house, there should be no CGT liability if it is sold by the second anniversary of the day you move out (and there may be no liability even if it is let for more than two years after you move out). Ask your tax office for the free explanatory pamphlet CGT4 (owner-occupied houses); this will give you a rough idea of the rules, but it tends to oversimplify the intricate and arbitrary provisions of the legislation.

3. Bear in mind that you and your wife will be subject to CGT independently after April 5 1990. Joint ownership (as tenants in common or as joint tenants) makes sense from the CGT angle; although you will be joint (since we infer that your wife has no income). Talk things over with the solicitor who acts for you in the purchase – but, before appointing a solicitor to act, check that he or she will be able to advise you on the tax aspects. All good solicitors nowadays have someone in the firm who is competent in the tax laws relating to domestic property transactions, but readers occasionally seem to find firms which accept conveyancing work without warning the prospective clients that there is nobody in the firm who understands tax law.

Tax on gifts

Some time ago I put some shares and a building society account into the joint names of my wife and two sons, using the £3,000 yearly allowance, in order to avoid inheritance tax on death. I have recently been told that this will be invalid as I have not made a gift without reservation. Is this true?

If the gift was made to your wife and sons (i.e. your name does not appear on the joint account/share register) it will be effective, though if your wife survives you it may have been unnecessary. If you are still a joint holder the gift will have little effect. As there is no tax on gifts to a spouse a gift to your wife is not subject to tax, but the gift to the children will only be effected on your death, thus negating your attempt to use the £3,000 exemption.

Shares for sons

I would like to reduce the value of my estate by transfering some shares to my sons, who are 30 and 26.

Would you advise me if I can do it myself and how, or do I have to do it through a stockbroker. In both cases what would be the costs.

We should have stated in our reply that after 1 May 1987 *ad valorem* stamp duty is not payable on transfers of shares which are made for no consideration. Transfer at L on the back of the share transfer from needs to be completed. (This can all be done without the intervention of a solicitor or accountant).

Tax relief available

Can I claim Miras when the only tax I pay is through building society interest. Also, can I claim for a charity covenant again when the only tax I pay is that deducted from my building society interest.

Yes, to your first qnestion: Miras is available even to people below the tax threshold. Ask a local tax office for the free leaflet on Miras (IR63).

The answer to your second question is also yes, provided that the gross amount of the covenanted annuity is less than the net amount of the building society interest. The rules governing this point are to be found in section 476(5)(d) of the Income and Corporation Taxes Act 1988.

Lending to family

I am a final year student who will be spending £2,500-£3,000 after my degree travelling, before starting work as a trainee accountant (£12,000 annually) in February 1989. My parents have offered to lend me the money, and are not that bothered about my paying them interest. They have a small limited company which has that much in reserves. Would it be possible/advantageous for tax reasons, to borrow from the firm rather than from them personally? They seem to think that the Inland Revenue would find it dodgy if they made an interest-free loan to a close relative.

What yoo propose would be unwise, because the loan would not be made for the furtherance of the business of the company, and consequently the directors of the company could be required to account for at least interest at a full commercial rate on the sum lent.

Striking a sour note

My daughter teaches music in a large private school in Scotland. She is attached to the music department and is responsible to the head of that department.

Musical instruments and classrooms are provided by the school. There, the commitments end. She was employed without any contract or even official letter of appointment. She is regarded as "self-employed."

In her own time, she has to make out accounts to the parents of individual pupils each term. She has to send letters reminding some parents that fees have not yet been paid. In addition to all this, she has to bear the loss when parents do not pay their fees. Since she is "self-employed," the school denies her the use of the copying machine.

Is my daughter able to be classed as "self-employed" and, if so, is the school is treating her fairly in general? There is, of course, no question of holidays with pay or paid sick leave.

It does appear that your daughter is self-employed. She could invite the school to take a greater interest in such matters as unpaid fees; but ultimately her only sanction is to terminate the arrangement under which she teaches at that particular school. By threatening to do so, she might at least get the school to give her access to the copying machine – but a suggestion that she might leave could be met with immediate acceptance!

The long arm of the Revenue

Amanda Pardoe explains the tricky question of domicile

IF YOU are living abroad, do not fall into the trap of thinking that once you have established yourself as a non-resident of the UK you have automatically escaped the clutches of the Inland Revenue.

As an expatriate, to protect your assets successfully from Inheritance Tax you must also make sure that you are not UK domiciled and that you have no assets held in the UK.

Domicile is a legal concept separate from either residence or nationality. Basically, there are two types: domicile of origin and domicile of choice.

Domicile of origin is determined at birth and is normally the same as that of your father. If your father was domiciled in the UK when you were born then you too will have a UK domicile, even if you were born outside the UK.

In contrast, a domicile of choice is the result of a conscious decision. If, for example, you have a UK domicile of origin but live in France and intend to make your permanent home there, France can become your domicile of choice, once you are over 16 years old.

Changing your domicile is not as easy as it sounds. And if you do change your domicile and subsequently decide to set up home in another country under English law, you automatically revert to your original domicile of origin and retain this until you have satisfactorily adopted a new domicile of choice.

Meanwhile, the present fragility of a domicile of choice, and the tenacity of your domicile of origin, makes careful tax planning all the more important if you are to protect your assets from UK Inheritance Tax. Since this hinges on establishing that you are not UK domiciled, logically the first step is to get the Inland Revenue to confirm that you have acquired a non-UK domicile of choice.

To do this, John Emmerson, a partner with solicitors McKenna & Co in London, says you need to get the Revenue to carry out a domicile investigation. For this to be done you have to have a potential tax liability in the UK.

Emmerson usually advises clients to set up a discretionary settlement trust for the benefit of themselves and family including children and grandchildren, and to transfer £120,000 worth of assets or cash into the settlement. This transfer should be from non-UK assets only.

However, this condition should not pose any problems, because for the sake of proving you have a non-UK domicile, you can borrow the money offshore, hold it in the trust for a few days and then repay the loan. Under Inheritance Tax provisions, assets placed in a discretionary settlement are viewed as potentially chargeable transfers for up to seven years after the payment has been made. However, the first £110,000 is exempt from any tax charge.

Assuming there have been no other chargeable transfers within the preceding seven years, the potential tax liability is only £2,000 – that is £10,000 taxed at the current Inheritance Tax of 20 per cent for gifts from a trust.

The next step normally is to make a formal return to the Inland Revenue giving details of the discretionary settlement stating that under section 218 of the Inheritance Taxes Act 1984, tax should not be payable as the settler was domiciled outside the UK at the time the settlement was made.

On receipt of this return, the Revenue will carry out its investigation. Assuming it accepts that the settler has a non-UK domicile, then none of the assets in the discretionary trust will be subject to Inheritance Tax for the life of the trust.

What is more, even if the settler subsequently takes up permanent residence in the UK and reacquires a UK domicile, the tax protection that has been obtained for the assets in the trust will not be affected.

But if the Revenue maintains that the settler is still a UK domicile, the £2,000 tax will be payable. The trust will then be of no use, so the trustees will hand everything over to the settler as one of the beneficiaries, thereby bringing the trust to an end. This could result in a further small charge to Inheritance Tax. You will also have incurred the expense of setting up the trust and negotiating with the Inland Revenue, but depending on your circumstances this will usually be small in relation to the potential tax savings from establishing a non-UK domicile.

It is hardly worth pursuing a domicile investigation unless a satisfactory outcome seems likely. The primary reason for seeking confirmation that you have a non-UK domicile is to avoid being liable to Inheritance Tax. When you have established a non-UK domicile, there are also opportunities for capital gains tax and tax planning.

There are no hard-and-fast rules as to when you should put your domicile to the test. As a rough guide, you would probably be wasting your time in applying if you have been resident in the country of your chosen domicile for less than five years, unless there are exceptional circumstances.

● *Amanda Pardoe is Executive Editor of The International, the FT magazine for expatriates.*

BRIDGE

THE Charity Challenge Cup celebrated its 30th birthday this year, and provides our two hands today. Here is the first from teams-of-four:

N
♠ 10 7 3
♥ K 6 5
♦ A 5
♣ J 8 6 5 3

W
♠ 2
♥ J 9 8 4
♦ Q J 10 7 2
♣ K 7 2

E
♠ J 9 8 6
♥ 10 3
♦ K 9 6 3
♣ Q 10 4

S
♠ A K Q 5 4
♥ A Q 7 2
♦ 8 4
♣ A 9

With East-West vulnerable, South dealt and opened the bidding with one spade, North chose to reply with one no trump, the opener rebid three hearts, and North jumped to four spades, which concluded the auction. West's opening lead was the queen of diamonds.

Winning with dummy's ace, the declarer drew two rounds of trumps with ace and king, and was disappointed to find that East had started with four to the knave. He switched to hearts, cashing ace and king, but East ruffed the third round and returned a low diamond to his partner's 10. West at once led back his knave of hearts, East ruffed and put South down.

A very poor performance by South - he lost the contract at the first trick. By taking the queen of diamonds, he lost the control necessary for precise timing. It is essential to allow the queen to win. He takes the next diamond, draws two rounds of trumps, as before, and makes ace and king of hearts. When the third heart is led from the table, East cannot gain by ruffing - he is only ruffing a loser - so he discards a diamond. South takes with his queen, and ruffs his last heart in dummy. East can overruff, but South ruffs the diamond return, draws East's last trump, and makes his contract, losing one club, one diamond, and the overruff in hearts.

The duck at trick one is routine for any expert player.

We turn to rubber bridge:

N
♠ J 10 9 6 3
♥ A J 10
♦ Q 8
♣ 7 4 2

W
♠ 4
♥ 9 4 2
♦ K 9 7 3 2
♣ J 9 6 3

E
♠ 7 2
♥ K Q 8 5
♦ J 10 6 4
♣ Q 10 5

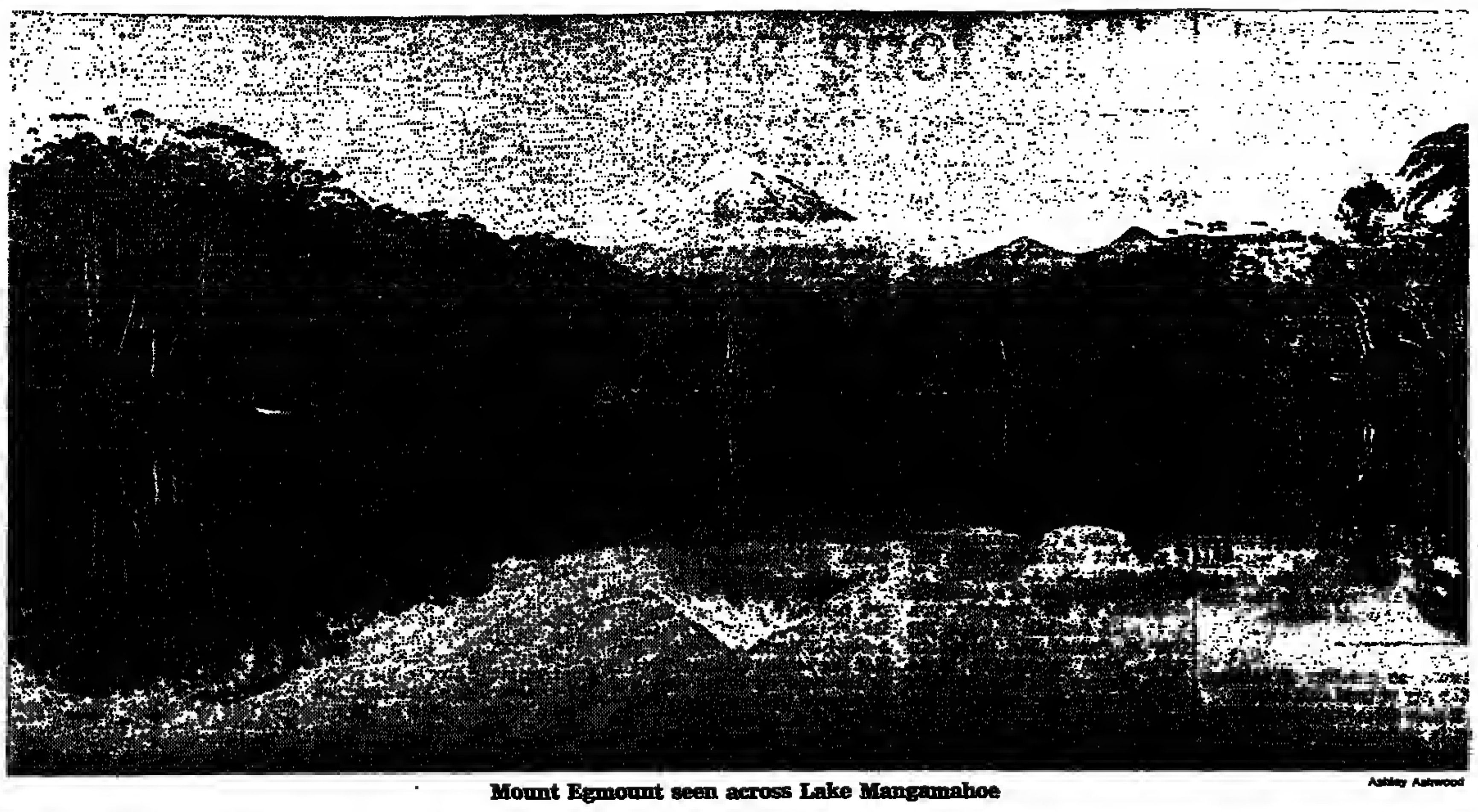
S
♠ A K Q 8 5
♥ 7 6 3
♦ A 5
♣ A K 8

At game to East-West South dealt and bid one spade, and North said three spades, which was a distinct overbid. South then suggested a slam by bidding four clubs but North simply said four spades and South somehow restrained himself from making any further effort.

West led the three of clubs, and East produced the queen. If South takes this trick he destroys the timing, as in the previous hand. But this time the declarer saw clearly how to ensure his contract. There was a marked endplay against the East player. He allowed the queen to win, took the next club, and drew trumps in two rounds. He cashed his remaining club honour, and cut adrift with ace and another diamond. West took with his king, and switched to a heart. Dummy's knave lost to the queen, but now East had no return that was not fatal. A heart would run into dummy's tenace, while a diamond would concede a ruff discard, allowing a losing heart to be discarded from one hand while the other hand ruffed.

Think before you win the first trick.

E.P.C.Cotter



Mount Egmount seen across Lake Mangamahoe

Ashley Ashwood

The posh face of New Zealand

TRAVELLERS newly-imbued with the full, fresh flavour of New Zealand return eager to tell of its unspoilt, uncrowded beauty, bubbling thermal springs, reconstituted Maori culture and vast sweep of snow-laden Alps.

Most likely they have ridden gregarious buses, or more solitary campervans, and an occasional mountain-hopping aeroplane, around the deeply tourist-furrowed circuits of Rotorua, in the North Island, and of Christchurch, Mount Cook, Milford and Queenstown in the South. They will have enjoyed memorable and unsophisticated holidays for a pretty modest local outlay, especially if they used the well-run campsites and generously-appointed motels.

But few will tell, for few will know, of the other – the posh – face of New Zealand tourism, which is to be found in secluded corners, providing top international standards of comfort, service and cuisine in a characteristically friendly style.

Sharply focused on an affluent American and Australian clientele and world (particularly round-the-world) travellers, the establishments that constitute up-market New Zealand call themselves lodges. Though there are many lesser ones scattered around – some on sheep stations, many occupying parts of private homes – it is a small cluster of them among the mountains and lakes of the North Island that offer the special combination of luxury, tranquility and some of the best rainbow trout fishing on earth.

Singly and collectively they represent a splendid opportunity for visitors to Auckland to combine high-class pampering with relaxing outdoor pursuits. For enthusiastic anglers they are a dream. In two or three hours' leisurely driving you can reach any of them. With a week or 10 days at your disposal you could take in several and still have time for a completely contrasting day or so at a lodge on the coast.

The especially well-heeled can easily use helicopters or small aeroplanes, but that seems a pity in a country made for British drivers with inquiring minds. Driving on the left of spectacularly scenic roads, with English signs and the probability of not seeing another soul for miles, it is refreshing to pick up a local farmer who wants a lift and is bursting to show you the way, all the while relating the physical and economic problems of his 10,000 sheep.

Making such a trip in late-January, the end of the local summer holidays, I found that the most elegant and exclusive retreat of the fairly rich and famous was Huka Lodge, near Lake Taupo. Among dense redwood and pine forests, its 17 cabins line a bank of the Waikato River. For the price of an official fishing permit (about £5.50 a week) you could cast from the lawn in front of your suite. But the gin-clear, jade-coloured water looked so inviting that we slipped into it for an idyllic swim as soon as we arrived.

Only at the pre-dinner cocktail gathering that nightly brings the guests together, 200 yards downstream, did we understand the raised eyebrows. There we contemplated the alarming acceleration of the river as it prepares to roar in a mass of white foam through the gully where it forms the Huka Falls.

The present buildings, decorated with subdued taste, are on the site of an original lodge made famous throughout the fly-fishing world by a young Irishman named Alan Pye. Sixty years ago he discovered how an amazing number of trout rose for the hordes of sedge hatching on the surface of the river. Though conditions at his lodge were then as spartan as they are now plush, his visitors included many eminent anglers, including Queen Elizabeth, the Queen Mother.

Nowadays, guests are more inclined to do their fishing on Lake Taupo. Four hours' trolling, with gear, guide and permit costs about £60. Catches are limited to eight fish no less than 14 inches long. An added incentive to catching trout in New Zealand, or knowing someone who has, is that caterers are not allowed to offer them on the menu but may cook those caught privately.

When we headed north through lovely wild country we

Alan Ponsford lodges in luxury Down Under finding tranquil corners which provide high-class comfort amid beautiful scenery

found Solitaire Lodge in the hills above Rotorua, aptly named for its location on a promontory jutting into Lake Tarawere. Here the atmosphere and service were plainer, more matey and casual. A log fire blazed. The choice of wine was "Red or white?" from carafes. But the views were riveting: long vistas of the lake and mountains by day, the big, shimmering, unpolluted southern sky through a telescope at night.

Trophies bore witness to the prowess of its angling proprietor, Reg Turner. In the spring-fed, land-locked lake, the rainbow grow big and fat, so that Reg speaks lightly of 10- and 12-pounders. There is fly-fishing in October and November and in April, May and June and harling (trolling with a flyrod, a flyline and wet fly) all year round.

In the rivers there are four months of fly-fishing, December to March. The highlight for Reg is to take guests by helicopter up over the mountains to the head waters of the Urawera, a £500 outing, to sample what he claims to be the best nymph fishing in the southern hemisphere. He is now preparing to build two guest cottages by a spawning stream alongside his lodge.

A few miles away Moose Lodge is a place of high quality, comparable in style to Huka, resembling Solitaire in its lakeside setting and views. It benefits from the deep involvement of its owners, Errol and Noeline Officer.

Happily, they give its cuisine and cellar a strong Kiwi accent. That means not just the predictable lamb, but lots of the fare that surprises and delights first-time visitors to New Zealand – wonderful seafood, including scallops and mussels the size of poached eggs, with superb white wines, especially Chardonnays, the reputation of which is growing internationally. Moose's visitors' book features some famous names: the Queen's, for instance.

The lodges can generally accommodate only a handful of people, the largest about 20 or 30, but are not entirely confined to remote locations. Two of the best are extended private homes on the outskirts of Rotorua and Auckland, where their owners provide personal attention and home cooking and where the lush gardens are packed with English and sub-tropical flowers.

The secluded Muriaroha, named after a Maori princess, offers the special features for which Rotorua is known – individual hot pools and, across the road, one of the world's most intriguing golf courses. It is studded with burping, boiling, malodorous natural hazards that swallow your ball without trace. In turn, high on a hill in Davenport, a 15-minute ferry ride from downtown Auckland, Ellerton Lodge is a tall, handsome house commanding sweeping views of the broad harbour.

Last year the lodge scene gained an attractive variation with the building of a new one on the coast, within easy reach of both Auckland and the inland fishing lodges, by an eager-to-please German couple. From a steep, wooded slope, Puka Park Lodge looks down to the long white beach at Pauanui, where many Aucklanders have second homes, and backs on to the ranges of the stunning Coromandel Peninsula. Opossums threaten the trees but we fed them on our veranda at night.

There is plenty to do, apart from beach life, including game fishing for tuna, kingfish and marlin. Out of season the lodge is building a reputation as a conference venue.

New Zealand's lodges do not come cheap. With tax added, a couple can expect to pay more than £200 a night – nearer £250 at Huka but that includes breakfast, dinner and the evening drinks party. Puka Lodge charges about £90 for a room for one, two or three people.

■ New Zealand Tourist Office, Haymarket, London SW1. Tel 01-930-8422.

Diana Smith visits the Guincho, a striking area of Portugal famous for fish and shellfish

Not only sun, sand and scenery

A CHILD works on his sand castle in the late afternoon sun by a glistening pool left by the outgoing tide. Nearby, a huge German shepherd dog is digging exuberantly, sending wet sand flying in every direction.

A jogger in a wildly-striped football shirt thumps resolutely along the water's edge, skirting groups of afternoon strollers, beach football players and fathers tossing beachballs at their children.

The mile-long beach of Praia Grande at the Guincho, 30 miles west of Lisbon, is too exposed to the brisk, sometimes piercing Atlantic wind to be ideal for people who just want to lie in the sun and turn nut-brown. It is more of a seaside activists' beach – for walking or running, horseback riding, digging and building or leaping about in the waves.

Swimming is not recommended: the undertow is fierce and the surf unpredictable, though determined young surfers in wet suits regularly have a go with toss-and-tumble results that have nothing to do with the smooth surf riding of the Pacific coasts.

Praia Grande, the largest and longest of a series of sandy beaches and rocky inlets in the Guincho area, is also for people who want striking scenery. Only a mile or so from the lighthouse of Cabo da Roca, Europe's southwesternmost point, Praia Grande is backed by dunes and pinewoods, edged by rocky cliffs blending on the horizon into the green slopes of the cape and the hills of the Sintra range.

Like the west of Ireland, the light changes constantly as clouds mass and disperse over the hills, making fleeting patterns on the slopes. A day may start with grey hills and sea mist, brighten by noon and round off with a spectacular sunset – a red-gold globe sending gleaming reflections across the water, sinking into a grey line of cloud on the horizon.

The Guincho is not only about beach and views, however photogenic. For thousands of Portuguese each weekend, even in nippy, windy weather, it is about food – fish or shellfish in Lucullan quantities. This is served up in clay pots in the cluster of restaurants and inns of the area, with plate glass windows offering diners a sight of the sea and dunes.

Shellfish is the great speciality. Lobster is prohibitively priced at over Es5,000 (£22.50) a kilo (where are the days when you enjoyed lobster for Es25 a kilo, or half-a-crown, with no fear of running up an overdraft?). But you need not be a tycoon to

Weekend Break

enjoy arroz de marisco, a shellfish risotto which most Guincho restaurants offer. O Faroleiro, a lively little restaurant on the dune, not the sea, side of the road, is currently king with generous lashings of shellfish (shrimps, prawns, crab and clams) and a little rice per portion.

For Es,800 (£7.50) per person, or less if you decide not to be greedy and order one portion of arroz de marisco for two (you will not starve: portions are huge), you can tuck into a pot of shellfish and end with fresh strawberries and coffee. A bottle of good white wine will cost an extra Es500 to Es680. By 1.00 pm at weekends, the most popular Guincho restaurants are jammed. It is wise to either get there by 12.30 or else wait at your hotel or inn for a (very) late lunch rather than sweating in a large queue at a popular restaurant.

Estalagem do Muchaxo perches on the south end of Praia Grande, with a sweeping view of the beach and ocean from its bars, large restaurant and most of its 24 bedrooms. Half a century ago it was just a modest seafood shack frequented by the few who had cars and cared to drive on a narrow coast road (now widened) at night to eat simply but succulently. Over the years it has grown from shack to inn furnished with eccentric charm in rustic-maritime style (rock arrangements and oxen yokes for bedheads) and comfort.

You can eat cheaply or expensively at Muchaxo depending on what you choose. Sole, sea bream and bass are around Es1,000, fresh salmon from the north is Es2,600 and lobster, chosen by you from the tanks dotted around the place, is Es7,000 (£32) a kilo.

Muchaxo's 1988 prices for accommodation range from about £18 per double room and private bath in November and December, through £26 a night in May, June and October to £38 a night in July, August and September when the view of the beach is not so much a stretch of yellow-white sand dotted with a few bodies but a stretch of bodies dotted with an inch or two of sand.

Out of season on weekdays you can almost pretend the beach is your private property, and even on weekends you can enjoy it without feeling hemmed in as long as you do not mind dogs, children and the occasional horse. By early May until mid-November, the air is usually warmish and even on cooler spring or autumn days, or in chilly winter, Praia Grande is a fine place for long, bracing walks in thickish sweaters.

Estalagem Mar do Guincho offers rooms with an ocean view for £27 a night outside the peak season. The five star Hotel do Guincho, a modernised old fort, looms on a cliff not far from Muchaxo. Its public rooms are smart, its bedrooms elegant but a little chilly.

At dusk from the middle distance, the Hotel do Guincho glowers on the rocks like something from a vintage Agatha Christie mystery. The mystery is why it quotes two sets of prices; one for Portuguese and one for foreigners: in the April 1 to October 31 high season Portuguese guests pay £50 a single while foreign guests pay £68. Similar price differences operate in the hotel throughout the year but complaints to the tourist office about the double standard may change this policy.

Whatever you wish to pay and wherever you stay, the Guincho is a mercifully underbuilt seaside area where the loudest sound is usually the roar of the surf and shriek of the seagulls.

Motoring

BMW's elegant estate

The £20,000 BMW 325i Touring . . . an estate car in all but name

WHEN IS AN estate car not an estate car? The answer has to be: when it is a BMW 325i Touring.

BMW clearly has a fixation about estates. It says the Touring is no plodding load-carrier and is not intended to be a cumbersome estate model. Rather, it is "a car for the 3-Series enthusiast who requires greater flexibility for his leisure activities."

The Touring I drove recently, in metallic paint with power sunroof and on-board computer, would have cost a little over £20,000, key in hand. Clearly, that puts it out of reach of the kind of people who use estate cars to carry the tools of their trade, wet labradors, or sacks of rubbish to the local tip.

The Touring's close-carpeted load space is more likely to be burdened with golf clubs – it takes two sets with trolleys when the rear seat back-rest is up – or even polo sticks.

However much BMW dislikes the term, it really is an estate car under its elegant skin. And BMW has no need to worry, although it should rethink its views about estate cars. They are out of date.

Since driving the 325i Touring, I have also tried a couple of compact and sporting estates that were anything but plodding or cumbersome and were also very much cheaper.

The Citroen BX TRi (£11,355 including ABS brakes) has a 1.9-litre, fuel-injected engine putting out 125 bhp. Its performance is flashing: a top speed of 119 mph (191 kmh), and a 0-60 mph (96 kmh) acceleration time of 10.4 seconds, are claimed. This makes it about as plodding as a VW Golf GTi. It steers and holds the road like a sporty hatchback but has the ride of an executive saloon.

Come to that, its stable companion which I am using now – a BX DTR Turbo-diesel estate – is hardly a plodder, either. Its standing-start acceleration to 60 mph of 10.8 seconds is almost the same as the TRi's. Pick-up in third and fourth gears is so rapid that it is difficult to believe it is diesel-engined. Top speed is quoted as 112 mph (180 kmh).

The DTR Turbo lacks the TRi's anti-locking brakes but has all the rest of its goodies – front and rear powered windows, tinted glass, power steering and central locking – and is a bargain at £11,226.

The Mazda 626 is another medium-sized estate car, recently-arrived in Britain, which is not even slightly ponderous. It comes in GLX or Executive versions, including an automatic.

Mazda calls the 626 the "professional man's estate car" and I could see a business motorist being perfectly happy in it. For one thing it goes like a two-litre executive saloon, but I also found it quiet with precise handling and a shock-absorbent ride. Both GLX and Executive are similar mechanically, with a carburetted 12-valve engine producing 108 horsepower.

They have an excellent five-speed gearbox, speed-related power steering, electric windows, and electronic release for the tailgate. Buyers of the Executive model also get a power-operated sun-roof, cruise control, twin electric door mirrors, and the option of four-speed automatic transmission.

Prices are: 2.0 GLX, £10,949; 2.0 GLX Executive, £12,298; Executive automatic, £12,899. These include a high-class Clarion stereo radio/cassette player. Claimed performance is almost exactly the same as the Citroen DTR Turbo: 0-60 mph in 10.9 seconds with manual gearbox and a maximum of 112 mph/180 kmh.

So what does the BMW Touring offer buyers who need the carrying capacity of an estate car and are prepared to pay a price premium of around £8,000? Rarity and status, of course, plus even more performance (although you would not dare to exploit that off the autobahnen of West Germany).

Its 2.5-litre, 175 horsepower, six-cylinder engine is incomparably smooth, whether pulling hard at low speed or soaring up to a silken 6,000 rpm. The Touring's ride, handling and road-holding are like that of any other BMW 325i. The 60-series, V-rated (over 130 mph/210 kmh) tyres can feel harsh now and again but it is a car to please a demanding buyer.

Stuart Marshall

Country Property

· GARDENING ·

Robin Lane Fox discusses the attraction of irises and how to disguise their vices

Virtues rewarded

THIS WEEKEND, most people's irises will be on the turn. They have had a magnificent fortnight and have humbled those people who prefer to garden without them.

There are still some miserable individuals who think that irises are untidy, too short-lived and not worth their space. I think they are wrong on all three counts and I would like to persuade them.

True iris-lovers do not see June as the brief high point of their year. They have irises from January to July, but I will not argue their case. I wish only to discuss the big bearded irises which the rest of us tend to grow first.

Their range is now bewildering and could usefully be slimmed down. I have gone back to notes kept from the heydays of some great iris beds in two of our botanic gardens, Kew and Oxford. Their choice is not always mine, but it has confirmed me in my preferences.

I still think that the boldest big yellow is Starshine; Black Swan is the darkest; and, among the whites, I recommend Frost and Flame, which has a tangerine beard. Among the multi-coloured forms, the best pale and darkblue blotch is found in Amigo.

I have a soft spot for Wabash — so soft that I have paid recently for yet more plants, forgetting that it is the one I grow already, and admire, in quantity: it combines velvet-purple falls with white, upright standards.

All these forms are particularly good because they are vigorous and reliable.

If I could choose only one, it would still be Jane Phillips. It is an intense, ethereal blue and is the one essential iris for people who are planning sensitive colour schemes.

If you like these big forms, when do you plant them and how do you keep them looking respectable? You should not follow my recent example.

Feeling under-irissed in March, I bought an end-of-season batch and planted them carefully so that the rhizomes lay horizontally and the upper surfaces were exposed to the sun above ground. This point is important, as irises which fail to flower freely have been buried at an angle.

I left the plants to race ahead but, in fact, they have raced backwards. They hit the Easter frost and turned brown at the tips. They might just as well have been acquired as swaps from friends in mid-July.

Keen gardeners know they should split their iris clumps soon after flowering. They trim back the leaves, a job which older gardeners do very neatly, and they throw away the ageing inner mat of rhizomes. The vigorous outer fans of a clump will start to grow away during July and are ready to flower next year.

Nurseries, however, send out their stock from late autumn onwards. As usual, keen gardeners are right and the nurseries' schedule is wrong.

There is one small refinement. Recent iris trials have shown that the plants are divided best during the second week in July, slightly later than traditional practice. They have flowered, but dividing them after this slight interval gives them time to draw breath.

The cheapest way that I know to grow irises is to find a friend who also is growing them. For once, you can say, quite truthfully, that their good plants really can be improved by being split and presented partly to you.

Clumps of iris attract only two frequent complaints: weeds and out-of-season boredom. There is a way round each problem, although not both at the same time.

A skilful iris-grower, now dead, told me she sprayed the earth round her rhizomes late in March with diluted simazine, in a brand like Weedex: she even sprayed between the rhizomes themselves. Manufacturers do not refer to this bold use, but simazine works by its preventative film on bare earth, rather than killing through the leaf.

The roots of an iris mostly go quite deep and, as long as the poison is well diluted, it does not damage established plants. It should not be used on newly-planted areas but its enthusiast claimed it withered even her celandine. I have used it on and off for some years and done no visible damage to old irises.

Unfortunately, this poisoning does not suit the remedy for out-of-season boredom. Here, the answer is to grow other plants through and between the offending clumps.

This year, we enlivened our iris clumps in a long, mixed border by inter-planting with temporary wallflowers. They made shallow roots, did not drain the soil and looked spectacular in April. It was great fun pulling them out a few weeks ago, and now you could not imagine where they fitted in: everything has grown over the gaps.

In their place we have the irises, and in July the good work will be continued by young campanulas. The blue and white forms of campanula persicifolia grow easily from seed and should be sown now for next year. You can transplant the young plants into gaps around iris clumps and even in between the main roots themselves.

Again, they are delicate visitors and their roots are happy to go down, not sideways. They flower just as the irises start to look dull. In mid-July, you can lift the clumps and tidy them.

Behind a long group, we once used the tall orange Lilium Henryi, which flowers in August at 4-5ft. Like irises, it tolerates lime happily. By then, the new, young divisions in the iris clump are sprouting and looking a neater green.

Either you have no weeds and a few gaps, or you have weeds and a longer season by inter-planting. Personally, I opt for inter-planting and keeping irises firmly in mixed borders. There, you hide their vices and emphasise their virtues.

This weekend, perhaps I have persuaded you to choose the virtues which you like best among the many waiting for a buyer.

Carry on campion

What's in a name? Arthur Hellyer on a puzzling breed

IN SEVERAL woodland gardens I have visited the red campion has been one of the most beautiful plants, sometimes growing in fine clumps on its own, sometimes teamed with various white stitchworts, forget-me-nots or the wild blue alkanet which is perhaps the loveliest combination of all.

I use the common names partly because they are familiar and friendly but even more because botanists seem to have experienced more than usual difficulty in classifying the campions. So, I am never quite certain which names are regarded as correct or whether they are the ones likely to be used in catalogues.

Not that any of the plants I was photographing with so much pleasure as foregrounds for rhododendrons, azaleas and other woodland shrubs had been purchased by anyone. They had arrived of their own accord and had been allowed to stay because they were welcome.

I feel the same way about many wild plants and others which, if not actually native, behave in so natural a manner that you seldom think of them as foreigners.

A relation of the red campion, which I like very much although it can become a nuisance, is the rose campion, *lychnis coronaria*. This is not a native, even by escape, which I cannot understand since it seeds itself aggressively wherever conditions are favourable.

The colour of the flowers of the common form is also aggressive and "rose" should be understood to mean raw magenta. But the leaves are covered in grey down and make a fine foil for the flowers, and there is a pure white variety which should be grown with it.

Like many free-flowering and free-seeding plants, it does not live for long; but in sunny places and well-drained soils, there will always be far more seedlings than you need for replacement.

Another good campion is *lychnis flos-jovis*, the flower of Jove. I have never understood how it came by such a grand name for this is another very simple flower, much like the rose campion in colour and style but only half as high and carrying its flowers in clusters. It is also far less common, since this is a foreigner that has seldom jumped the garden wall to become naturalised; yet, it has been ignored by many nurseries.

The discerning ones stock it, including Beth Chatto at Elmstead Market, Essex; Scotts Nurseries, Meriott, Somerset; and Ingwersen, near East Grinstead, Sussex. There is a pretty pink-flowered form named Horts Variety but, rather annoyingly, the nurseries that have the common form never seem to bother with this one, which must be sought elsewhere at Kelways, Langport, Somerset, or Ramparts Nurseries, Colchester, Essex.

Lychnis chalcedonica is the tallest of the campions and the most commanding, both because of its habit and colour. It grows bolt upright to around 3ft or even more with all its flowers on top, and they are pure vermilion.

Each of the five petals is deeply cleft and this, no doubt, is what earned it the popular name Maltese Cross, but it has no geographical connection with Malta and is, in fact, a Russian plant which arrived in Britain in Elizabethan times.

Yet, even the Maltese Cross is outstripped for hot colour by a hybrid named *lychnis haageana*, the best form of which is called Vesuvius. The flower colour is coppery scarlet, the leaves are bronze-purple, and the whole plant is a little fragile, both in growth and constitution.

I have found it a plant impossible to keep for any length of time. Apparently, it needs more warmth and sunshine than I can give it, along with better drainage and complete protection from slugs and snails which regard it as a supreme delicacy.

Perhaps the modern methiocarb slug baits, which are effective in wet as well as dry weather, would make things a little easier. Even so, it is a long cry from the easy-going red campion with which I started my story.

I will complete thot with another easy-goer, *lychnis flos-cuculi*. This also is a native plant but one that savours damp places near pools and streams. Its flowers have much the same rose-red colour as those of the red campion but the petals are slashed into narrow segments; hence its common name of ragged robin.

A few years ago it would have been impossible to purchase it anywhere but now, thanks to the great interest in wildflowers, it is available freely from all those nurserymen and seedsmen who specialise in such things.

London Property

HAMPTONS

PRIME FORCE IN PROPERTY

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Offers in region of £330,000.
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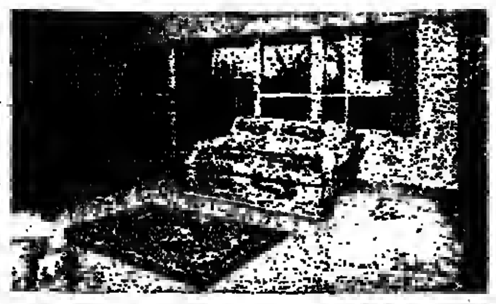

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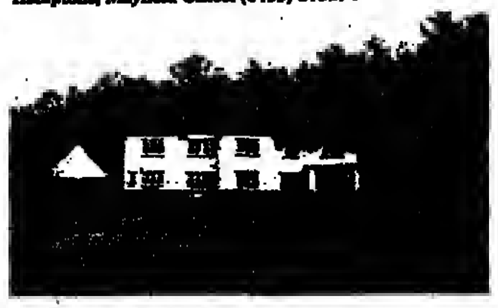

SUSSEX, FOREST ROW
A substantial country house in beautiful grounds of 2 acres within walking distance of the village. 4 receptions, modern kitchen and utility area, 6 bedrooms, 3 bathrooms. Full gas central heating. Double garage.
Offers in Region of £400,000.
Hamptons, Mayfield Office: (0435) 872294

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ST. GEORGE'S HILL, WEYBRIDGE
Two stunning individually designed new houses, recently completed and standing in landscaped 1 acre grounds within exclusive 900 acre private estate. Both have 4/5 receptions, kitchen, 5/6 bedrooms, bathrooms. Conservatory with swimming pool and jacuzzi. 3 car garage.
Offers invited for the Freehold.
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SURREY – COBHAM
A stunning and substantial 6 year old family house. 3/4 reception rooms, kitchen/breakfast room, master bedroom suite with dressing room, 5 further bedrooms, 2 bathrooms, 2nd floor games room. Indoor heated swimming pool complex. Hard tennis court. Garage. Approaching 1 acre garden.
Offers Invited for the Freehold.
Hamptons, Esher Office: (0372) 68411

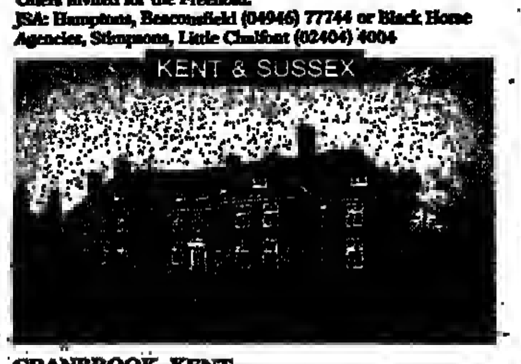
BUCKINGHAMSHIRE, LITTLE CHALFONT
Appealing and picturesque thatched country house. 2 receptions, music room, kitchen/breakfast room, 2 cloakrooms, 2 bedroom suites, 2 further bedrooms, bathroom. Wing: reception, kitchen, bedroom suite, 2nd bedroom, bathroom. 6 acres of grounds. Outbuildings.
Offers invited for the Freehold.
JSA: Hamptons, Beaconsfield (04946) 77744 or Black Horse Agencies, Stimpsons, Little Chalfont (02404) 4004

HERTFORDSHIRE, ARKLEY
An imposing period house requiring a full programme of renovation and improvement. Set in 13 acres with separate cottage block, outbuildings, stable, garages, etc. Entrance hall, 4 receptions, billiards room, kitchen, 10 bedrooms, 2 bathrooms.
Offers in excess of £850,000 Freehold.
Hamptons, Barnet Office 01-441 6776

CLARIDGE COURT, MUNSTER ROAD, SW6
An exclusive small courtyard development of 10 exceptionally well built, spacious town houses within 5 minutes of Parsons Green. 3/4 bedrooms, 1/2 receptions, 2/3 bathrooms, kitchens. Garages. Gardens. Audio entrance phones. Carpets.
£249,500 – £298,000. Lease 999 years.
JSA: Hamptons, Fulham Office: 01-736 8211
or Callander Wright: 01-581 8431

SURREY, EWHURST
An exceptional Victorian village rectory. Reception hall, 4 receptions, kitchen/breakfast room, 5 bedroom and bathroom suites. Self-contained 2 bedroom flat. Swimming pool and snooker room complex. Grade II Listed period barn. Landscaped gardens of about 2 acres.
Freehold for Sale.
Hamptons, Cranleigh Office: (0483) 274204

HAMPSHIRE, NR BISHOPS WALTHAM
Beautifully appointed country house. 4 receptions, kitchen/breakfast room, cloakroom, principal and guest bedroom suites both with dressing rooms, 3 further bedrooms, bathroom. Self contained 2 bedroom annexe. Indoor swimming pool complex. Gardens and paddocks of 11 acres.
For Sale Freehold
Hamptons, Guildford Office: (0483) 572864

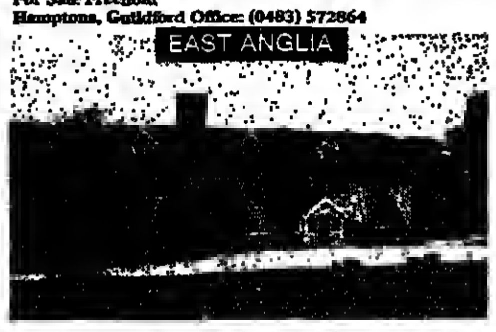


CRANBROOK, KENT
A substantial Queen Anne style country house set in about 20 acres of woodland. At present used as offices (8,500 sq ft) but considerable potential to convert back to either single or multiple occupancy or commercial uses.
Offers in excess of £600,000.
Hamptons, Mayfield Office: (0435) 872294 or
JSA: Lambert Smith Hampton: 01-975 1700

SOUTH OXFORDSHIRE
Early 16th century village house, Listed Grade II. 3 receptions, kitchen/breakfast room, utility, 5 bedrooms, 2 bathrooms. Coach house with store, tack room, garaging and loft room. Private and secluded gardens - about 1½ acres in all.
Price Guide £385,000 Freehold.
JSA: Hamptons, Head Office: 01-493 8222 or
Griffith & Partners, W... 2831

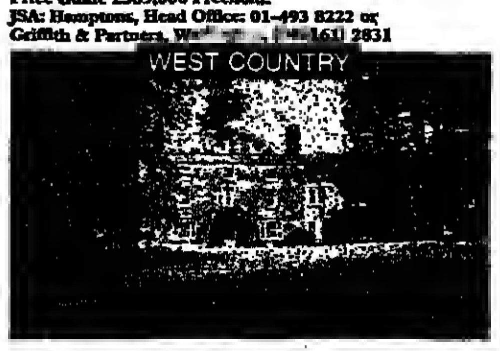
FELDEN STREET, SW6
An outstanding period house that has been beautifully restored to the very highest standards in this popular tree lined road. 4 bedrooms, 3 bathrooms (1 en suite), 2 receptions, kitchen, cellar. Garden. Side access. Gas CH.
£415,000 Freehold.
Hamptons, Fulham Office: 01-736 8211

ST. GEORGE'S HILL, WEYBRIDGE
Unique Italian designed villa being sold completely furnished. 4/5 receptions, bar room, kitchen/breakfast room, 4 bedroom suites with bathrooms, 2 further bedrooms and bathroom. Staff flat. Heated swimming pool and triple garage. 1 acre gardens.
Substantial Offers Invited for the Freehold.
Hamptons, Esher Office: (0372) 68411



SUFFOLK/NORFOLK BORDERS Ref B3027
One of only 2 private residences on the Euston Estate. Magnificent 16th century Grade II country house. 3 receptions, kitchen/breakfast room, utility, cloakrooms, 7 bedrooms, 2 bathrooms. Full CH. Games room. Garaging. Outbuildings. Terrace. 3 acres including paddock area and hard tennis court. Region of £450,000.
Hamptons Bedford, Bury St Edmunds Office: (0284) 67338.
After Hours 753475

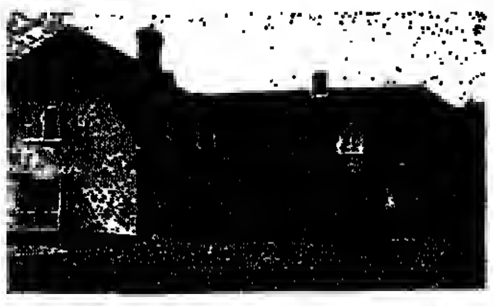
KENT, ADJ. HEVER CASTLE
Beautifully appointed country house with 200ft river frontage. 4 receptions, conservatory, kitchen/breakfast room, master bedroom suite with sitting room, 4 further bedrooms, 3 bathrooms. Self contained annexe. Garage/stable block. Grounds of 13 acres with additional 25 acres of tenanted land.
Offers Invited.
Hamptons, Sevenoaks Office: (0732) 460222



DORSET, NEAR CREWKERNE
Charming Listed Grade II* Georgian house occupying a commanding position in beautiful unspoilt countryside. Hall, 3 receptions, kitchen, breakfast room, 9 bedrooms, 4 bathrooms, cellars. Oil fired CH. Detached 3 bedroom cottage. Stabling. Squash court. Outbuildings. Grounds of about 18 acres.
Freehold for Sale.
Hamptons, Head Office: 01-493 8222

CAMPDEN HILL SQUARE, W8
Outstanding Grade II period house, one of the few houses benefiting from a separate mews flat with double garage below. Main House: 4 bedrooms, 2 bathrooms, 3 receptions, roof terrace, patio garden, use of Square gardens. 2 bedroom mews flat. Ind CH.
Price upon Application.
Hamptons, Head Office: 01-493 8222

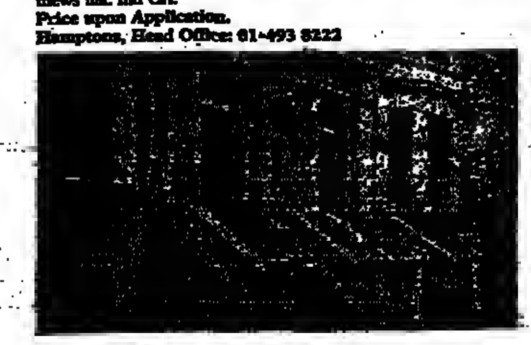
SURREY, NEAR GUILDFORD
Important country estate of 70 acres. 4 receptions, conservatory, master bedroom suite with dressing room, guest suite, 4 further bedrooms, 2 bathrooms. Self contained flat. Coach house/cottage. Indoor swimming pool, sauna. Lake. Outbuildings. Loose boxes with menage. Railed paddocks. Own cricket ground.
Substantial Offers Invited for the Freehold.
Hamptons, Guildford Office: (0483) 572864



WEST SUFFOLK Ref B3030
Attractive Grade II 16th century cottage, well placed for Newmarket and Bury St Edmunds. 3 receptions, kitchen/breakfast room, cloakrooms, utility, 4 bedrooms, 2 bathrooms. Outbuildings. 2 loose boxes. Delightful country cottage gardens and courtyard. In all about ¾ of an acre. Offers over £225,000.
Hamptons Bedford, Bury St Edmunds Office: (0284) 67338.
After Hours 753475

WEST SUSSEX, NR. MIDHURST
Superb Medieval Grade II Manor House in an idyllic riverside setting. 5/6 bedrooms, 3 bathrooms, 3/4 receptions, usual offices. Traditional outbuildings. Lovely grounds including parkland, paddocks and long river frontage with double bank fishing. About 8 acres.
Substantial Offers Invited for the Freehold.
Hamptons Messenger May, Liphook Office: (0428) 722031

PEMBROKESHIRE, 93 ACRES
Magnificent Castle standing in its own grounds with spectacular views over St Brides Bay. 22 holiday apartments. Bar, games room. Service facilities. Manager's flat. Extensive outbuildings and development potential. Offers in excess of £950,000 Freehold.
JSA: Hamptons Cheltenham (0242) 514849 and London 01-493 8222 or Humberts London: 01-629 6700 and Cheltenham (0242) 513439



INVERNESS GARDENS, W8
Substantial end of terrace house, presently 2 maisonettes but would convert back into a fabulous family house. Lower Maisonette: 3 bedrooms, 2 receptions, Ind CH, cellar, patio garden. Upper Maisonette: 2 bedrooms, 2 receptions, Ind CH.
Offers in excess of £800,000 Freehold.
JSA: Hamptons, Head Office: 01-493 8222 or
Cluttons: 01-499 4155

SURREY, THURSLEY
Enchanting period cottage in an unrivalled and unique country setting. 3/4 bedrooms, 2 bathrooms, 3 receptions, kitchen, cloakroom. 1 bedroom guest cottage. Barn/studio. Garaging. Garden and grounds of approximately 5 acres.
£325,000. Lease 96 years.
Hamptons Messenger May, Haslemere Office: (0428) 2307

CAMBRIDGESHIRE, LINTON
17th century converted water mill, part of a complex of 3 mills, ideal for weekend retreat. 4 bedrooms, jettied guest bedroom, 2 bathrooms, cloakroom/shower room, 2 receptions, kitchen, utility. Garaging. Use of communal gardens.
Offers in region of £200,000 (to include garden with 200ft river frontage).
Hamptons Jennings, Saffron Walden Office: (0799) 22628

FOR SALE BY AUCTION

ST. GEORGE'S HILL, WEYBRIDGE, SURREY
A unique family house with 18th century origins presented in beautiful condition with delightful outbuildings and gardens. 3 reception rooms, light oak kitchen/breakfast room. 2 bedroom suites, 3 further bedrooms and bathroom. Original barns and stabling. Secluded 2 acre south facing gardens.
For Sale by Auction on June 16th 1988
(unless sold previously) Price upon application.
Hamptons, Esher Office: (0372) 68411

SURREY/SUSSEX BORDER
Traditional 19th century barn with full planning consent for conversion, together with detached cottage, enjoying rural setting. Proposed accommodation: 5 bedrooms, 2 bathrooms, 3 receptions, domestic offices, cloakroom. Garaging. Various outbuildings. Fenced pasture land totalling 32 acres.
Offers invited prior to Auction.
Hamptons, Guildford Office: (0483) 572864

Head Office: 6 Arlington Street, St. James's, London SW1A 1RB 01-493 8222 Telex 25341 Fax 01-491 3541

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Country Property

SUSSEX
Lewes 5 miles. Haywards Heath 9 miles. Victoria/London Bridge 45 minutes.
A delightful small country estate in a convenient rural position.
5 bedroom period house in superb position with distant views. Barn for conversion. Garden and grounds. Timbered farmland and woodland.
About 130 acres. For sale as a whole or in lots.
Lewes office: *Tel. (0273) 475411. Ref.6AA4161.*

THE GREAT RISSINGTON MANOR ESTATE
GLOUCESTERSHIRE
One of the finest residential, agricultural and sporting estates in the Cotswolds.
1287 Acres
An outstanding 17th Century Manor House in a superb setting overlooking the Windrush Valley. Broadmoor Farmhouse, a well appointed 17th century house. Seven first class cottages. A compact block of productive farmland, milk quota, comprehensive range of farm buildings together with a first class shoot and fishing in the River Windrush.
London office: Tel. 01-629 7282.
Cheltenham office: Tel. (0242) 245444.

HAMPSHIRE- HEART OF THE NEW FOREST
Ringwood 6 miles. Southampton 15 miles. London (Waterloo 70 minutes) M27 10 miles.
A delightfully situated property in the heart of the New Forest on the edge of the sought after village of Burley and with a charming and secluded garden.
Entrance porch, 3 reception rooms, breakfast room, kitchen, conservatory, 5 bedrooms and 2 bathrooms. Garage, stable block, store shed and kennel. Orchard and small paddocks. Attractive and secluded garden.
About 1 acre. Region of £275,000.
Salisbury office Tel. (0722) 28741. Ref.7AA594.

NORTH SUFFOLK - HOMERSFIELD
Diss 13 miles. Harleston 3½ miles.
A spacious family house in a superb elevated situation with magnificent views over the Waveney Valley.
Drawing room, dining room, study, 4 bedrooms, 2 bathrooms. Mature gardens with tennis court.
About 1.9 acres. Region £225,000.
Norwich office: Tel.(0603) 617431. Ref. 9BB2478.

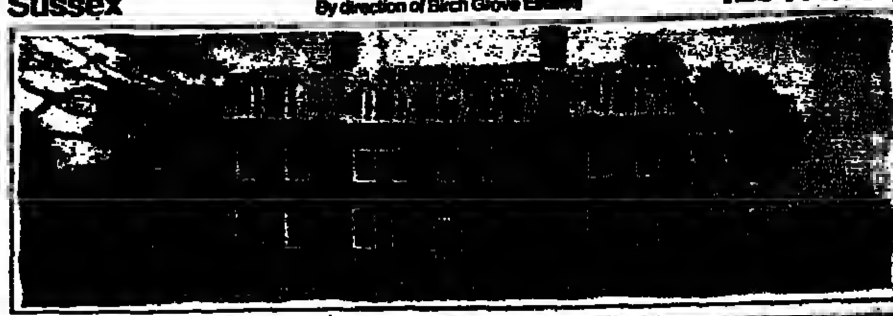
HAMPSHIRE
Petersfield 4 miles. Haslemere 6 miles. (Waterloo 50 minutes). A3 2 miles *(London 50 miles).*
A first class and well appointed 19th century family house conveniently located and set in its own attractive mature gardens and grounds.
Reception/staircase hall, 3 reception rooms, 5 bedrooms, 2 bathrooms, 2 secondary bedrooms, potential 3rd bathroom and games room. Garage and stable block. Staff cottage with: sitting room, kitchen, 2 bedrooms and bathroom. Attractive well stocked gardens and former tennis court. Orchard and small woodland area.
In all about 3.5 acres. Region of £450,000.
Salisbury office: Tel. (0722) 28741. Ref.7AA606.

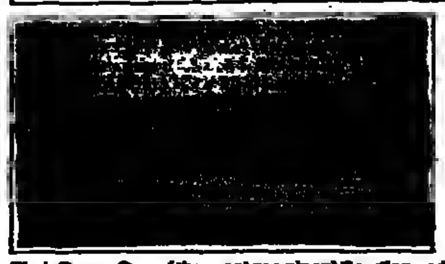
HAMPSHIRE COAST - NEW FOREST
Lymington 1½ miles. (Waterloo 1 hour 45 minutes) Southampton 13 miles. M27 15 miles.
A delightful period country house occupying an unspoilt position in open countryside and with beautiful southerly views towards the Solent and the Isle of Wight.
Reception/staircase hall, 3 reception rooms, flower room. Sun room, master suite of bedroom and dressing room. 4 further bedrooms and bathroom. Attractive double garage, open fronted store and garden shed. Beautiful formal gardens, walled kitchen garden and paddock.
About 5 acres. Offers are invited.
Salisbury office. Tel. (0722) 28741. Ref. 7AA605.

COTSWOLDS
Cheltenham 4 miles. Cirencester 10 miles. Oxford 38 miles.
An exceptionally well appointed Cotswold stone house combining total luxury with period character perfectly situated in secluded landscaped gardens.
4 reception rooms, kitchen, sauna, master suite of bedroom and bathroom, 3 further bedrooms, bathroom, shower room. Superb indoor heated swimming pool. Double garage with studio flat over. En-tout-cas tennis court. Landscaped gardens.
About 4 acres. Excess £485,000.
Cheltenham office: Tel. (0242) 245444. Ref. 11AB360.

Humberts Residential

Sussex By direction of Birch Grove Estates **1234 Acres**





Birch Grove: One of the most prominent Sporting and Residential Estates in the South of England.
Including Birch Grove House with 5 reception rooms, 14 bedrooms, 8 bathrooms, domestic offices, 4 staff cottages, gardens and grounds, enjoying spectacular views in an area of outstanding natural beauty.
Two secondary houses and further let properties. Two principal farms with established dairy units and about 900,000 litres of milk quota.
Extensive woodland and a number of ponds providing superb shooting together with trout and coarse fishing.
For Sale by Private Treaty. As a whole or in 33 Lots. Details: Humberts London Office Tel: 01-629 6700

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01-629 6700
Humberts Chartered Surveyors

London Property

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Probably the finest selection of 1-4 bedroom apartments for sale in London today.
10 Ennismore Gardens, Knightsbridge.

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Old Court Place
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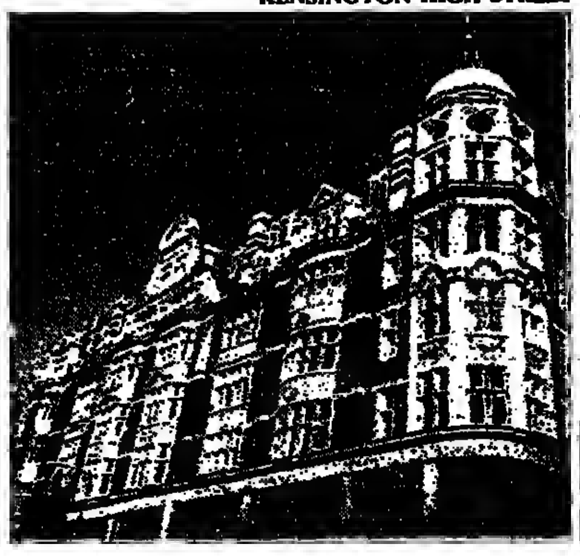

A selection of one to four bedroomed flats, recently refurbished to a very high standard, are now available in this elegant Edwardian style building close to Kensington Gardens. New, long 125 year leases at prices from £160,000 with low ground rents and service charges.

Show flat open daily.

Please contact sole agents to arrange viewing of these luxury apartments in a superb location fronting Kensington High Street.

Joint sole agents.

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A spectacular and beautifully designed raised ground floor flat situated on the north side of this prestigious square. The flat offers high ceilinged rooms and ample accommodation.

Drawing Room : Dining Room : Kitchen/Breakfast Room : Utility Room : Master Bedroom with Bathroom Ensuite : Four further Bedrooms with Bathrooms or Shower Rooms Ensuite : Cloakroom : Resident Porter : Access to Gardens and Tennis Courts :

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Country Property

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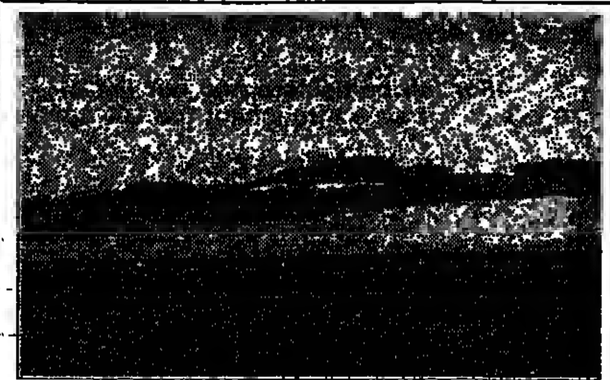
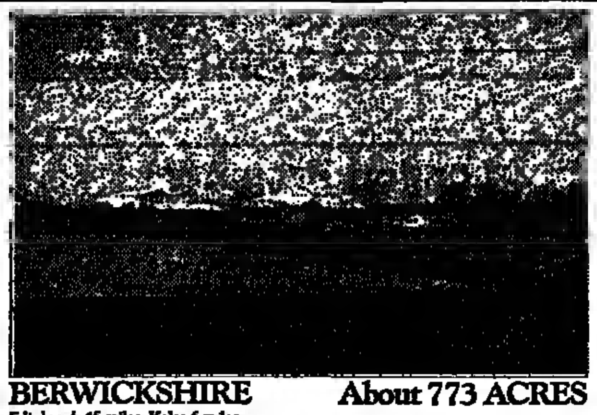
OUTSTANDING AGRICULTURAL PORTFOLIO — About 7,000 ACRES

Outstanding portfolio of tenanted farms with substantial residential, amenity and commercial content situated in Shropshire, Lincolnshire, Essex and Norfolk.
Total gross income of £343,022.
Available as a whole or in lots.
Savills, London. Tel: 01-499 8644.
Contact: Henry Richards or Justin Marking.



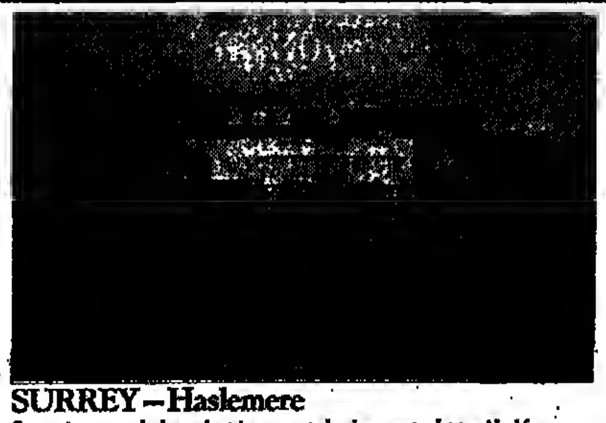
BERWICKSHIRE — About 311 ACRES

Edinburgh 51 miles, Kelso 6 miles.
First class and highly productive arable farm with attractive farmhouse.
Farmhouse: Conservatory, 2 reception rooms, office, kitchen, 4 bedrooms, bathroom, shower room. Oil fired central heating. Double glazing. Garden and garage.
2 farm cottages. Extensive range of modern and traditional farmbuildings.
308 acres prime arable land.
Offers over £900 per acre.
Savills, Edinburgh. Tel: 031-226 6961.
Contact: Charles Dudgeon.



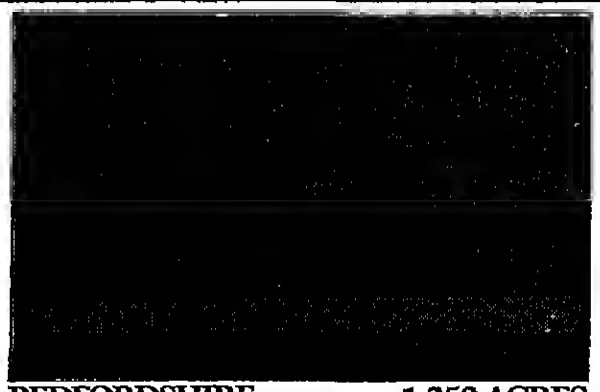
BERWICKSHIRE — About 773 ACRES

Edinburgh 45 miles, Kelso 6 miles.
Productive and well-equipped arable farm with attractive farmhouse.
Todrig House: 2 reception rooms, kitchen, 4 bedrooms, 2 bathrooms.
4 farm cottages, suitable for holiday letting.
Extensive range of modern and traditional farmbuildings.
699 acres arable. 35 acres permanent pasture. 33 acres woodland.
Rough shooting.
Offers over £800 per acre.
Savills, Edinburgh. Tel: 031-226 6961.
Contact: Charles Dudgeon.



SURREY — Haslemere

Occupying a superb elevated setting, a most pleasing country house, ideal for entertaining.
4 reception rooms, kitchen/breakfast room, principal suite, 4 further bedrooms.
Entrance lodge: 2 reception rooms, 3 bedrooms, 2 bathrooms.
Swimming pool complex. Hard tennis court. 2 loose boxes.
Paddock. Gardens and grounds.
About 11½ acres.
Savills, Guildford. Tel: (0483) 576551.
Contact: Elaine Stephens.



BEDFORDSHIRE — 1,250 ACRES

Kimbolton 5 miles, Bedford 15 miles, London King's Cross 40 minutes, Grafham Water 5 miles, London 65 miles.
Grange & Eastfield Farms
2 superb residential farms.
Barns suitable for conversion.
2 arable fields available separately.
For sale as a whole or in 5 lots.
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Contact: Christopher Smith.

HAMPSHIRE — Bucklers Hard

London 86 miles, Bournemouth 22 miles, Southampton 13 miles.
Magnificent country house set in an idyllic position with breathtaking views over the Beaulieu River.
Drawing room, dining room, study, 5 bedrooms, 3 bathrooms.
Cottage annexe: Sitting/dining room, kitchen, 2 bedrooms, studio room.
Guest flat. Garage complex. Tennis court. Heated swimming pool.
About 4 acres.
Savills, Bournemouth. Tel: (0202) 298585.
Contact: Stephen King.

WILTSHIRE — Salisbury

Salisbury 4 miles, Waterloo 84 minutes, London 82 miles, Heathrow 60 minutes by car, Southampton 23 miles.
Classic Grade II Listed Georgian mansion in a beautiful parkland setting in the centre of a rural estate. In need of some renovation.
Reception hall, 5 reception rooms, 6/7 bedrooms, 4 bathrooms.
Attractive grounds.
To let on a long lease at a rent to be agreed.
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Contact: Roger Singleton.

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Three Farmhouses and five Cottages Two 250 Cow Dairy Units and Grain Storage for 2,200 Tons 1,107,454 Litres Milk Quota 75 Acres of Woodland
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Near Dorking, Surrey
Grade II listed Country House in lovely rural surroundings.
3 reception rooms, kitchen/breakfast room, 6 bedrooms and 2 bathrooms. Indoor swimming pool and sauna. Garaging. Beautiful gardens with lake and ornamental pond.
About 1½ acres in all.
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CLUTTONS

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Bath 3 miles. Bristol 10 miles. M4 13 miles.
A delightful small Country Estate in a lovely position, with period Farmhouse, Two bedroomed Cottage, traditional Farmbuildings, extensive Stabling with 14 Boxes and Menage. Grazing Land and Woodland
About 67 Acres
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Warwickshire/ Oxfordshire Border

Avon Dassett
Banbury 6 miles. Stratford-upon-Avon 19 miles.
Proposed M40 Junction 6 miles.
A fine Grade II Listed house in need of renovation with courtyard of traditional barns.
4 reception rooms, 5 first floor bedrooms, 3 attic bedrooms.
Barns suitable for conversion to additional living accommodation (subject to planning permission) or as use for workshops.
About 25 acres
Apply: Stratford-upon-Avon (0789) 297735
(JVEW/16339)

Nairn

Nairn 2¼ miles. Dalcross Airport 11 miles. Inverness 18 miles.
A magnificent Regency house in a fine parkland setting overlooking a private loch.
4 reception rooms, 4 bedroom suites, 5 further bedrooms, bathroom and shower room.
2 staff cottages, 2 holiday chalets, outbuildings including stables, workshops & garages.
Farm buildings with potential for use as nursing/residential home or restaurant/hotel complex.
About 20 acres
as a whole or in 2 lots
Apply: Edinburgh 031-225 7105
(CSS/03255)

Sussex

Crawley Down. M23 3 miles.
An elegant country house in a very convenient position, well planned with southerly aspect.
Hall, 2 cloakrooms, 4 reception rooms, study, kitchen/breakfast room, utility rooms, 7 bedrooms, 3 bathrooms. Triple arched loggia.
Oil central heating.
Garage block with double garage and chauffeur's flat over, extensive gardens with hard tennis court.
Paddock and woodland.
About 7¾ acres
Joint sole agents: Fox & Manwaring, Edenbridge (0732) 862184 and Knight Frank and Rutley, London 01-629 8171
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PRUDENTIAL PRESTIGE

SURREY - HASLEMERE
Town Centre and Station (Waterloo 51 minutes) walking distances
AN EXCELLENT LIGHT CHARACTER COUNTRY HOUSE WITH A MODERN DESIGN CONSCIOUS INTERIOR OF STYLE, QUALITY AND FINE DETAILING SET IN SECLUDED GROUNDS
6 bedrooms, 4 bathrooms, fine staircase and galleried landing, 2 superb reception rooms, fully equipped gymnasium, kitchen/breakfast room opening to 70' leisure deck with barbecue, exceptional levels of insulation, double garage, natural grounds of 2¾ acres with 2 ponds, grassland and light woodland
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Picturesquely located on this attractive reach of the River Thames, just above Bray Church, an individual property of character standing in grounds approaching one third of an acre with approximately 100ft of direct river frontage.
Principal bedroom, second bedroom, 2 bathrooms, entrance hall, cloakroom, magnificent lounge and dining area, family room, fully fitted kitchen/breakfast room, full gas fired central heating, garage. All main services. Approximately 1 mile from Junction 8/9 of M4.

Price: £375,000 Freehold
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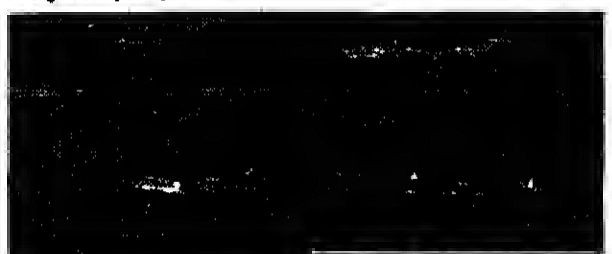


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Tax shelters axed but trees keep their value

THERE IS NO such thing as a snap reaction to events in forestry. For an industry that measures its performance in decades, it is early days to be assessing the storm damage following the Chancellor's Budget announcement that commercial woodlands would be removed entirely from the scope of income and corporation taxes.

That has not stopped the anti-monoculture lobby or the tax neutralists from claiming a famous victory in their respective battles against the spread of the softwood forests and the continuance of tax shelters. Neither has it deterred a number of forestry companies and land agencies from forecasting a collapse of interest in private woodland investment, a queue of jobless foresters, and an end-of-the-century crisis as Britain's already sparse timber stock is felled but not replaced.

There seems little doubt that the pessimists are right in warning that there will be fewer plantings now that accountants can no longer interest clients in the tax-deductable appeal of creating woods. But, far from undermining the investment appeal of established woodland, the Chancellor's axe might well have cleared the way for a whole new breed of owners.

The problems about planting under the new, non-tax regime are straightforward enough. Although the new Woodland Grant Scheme offers 150 per cent more cash support to establish commercial plantations than the old system, the loss of tax relief makes it impossible to achieve a reasonable prospective return without either a reduction in afforestation costs, a sharp fall in the price of bare land, or both.

Anthony Hart, of Bidwells, illustrates the point with the example of a comparable investment before and after the Budget. He says that so long as net spending was allowable as a tax deduction against other earnings, it was possible to achieve — conservatively — a real return of 4.5 per cent a year compound on a new, commercial wood planted where the land cost £900 an acre and grants contributed £97 an acre towards the establishment costs.

Hart calculates that without tax relief, and with the same cost for the land and planting, even the increase in the grant to £249 an acre would bring the investor in sight of only a 3.8 per cent annual return over the 30/40-year life cycle of a commercial softwood crop.

Richard Crosbie Dawson, managing director of Forestry Investment Management, echoes the point when he says: "New planting is not curreotly a viable option for investors." And Jack Evans, who heads the forestry department of Finlayson Hughes in Scotland, adds: "There is bound to be e one, two or three year slump in planting, and that means a fall in planting-land values."

Evans speculates that prices for planting land could fall to

A new row has just erupted over the Scottish Office's decision that the Forestry Commission can plant more trees in the Flow Country of northern Scotland — an area where private individuals had long been doing just this to reduce their tax liabilities. John Brennan examines the outlook for commercial planting following the recent Budget changes to curb abuses

around two-thirds of their pre-Budget level although there is too little market evidence yet to give any real pointer to values. He also believes that foreign buyers will be drawn into the market if and when prices start to fall. "We saw this eight to 10 years ago when land values in the Highlands were particularly low. We had a wave of investors from overseas then, and I think we could see that again."

It is hard to find anyone who believes that plantings will come near to the Government's unchanged (and never yet achieved) target of 33,000 hectares of new commercial woodland a year. The younger John Clegg, of forestry specialist John Clegg & Co., says: "The figures can go only one way at the moment. Until land costs go down, there is unlikely to be that much planting, but on established woodland we're agreeing sales at a fairly steady rate. It was quiet after the Budget, but people are coming back onto the phone again."

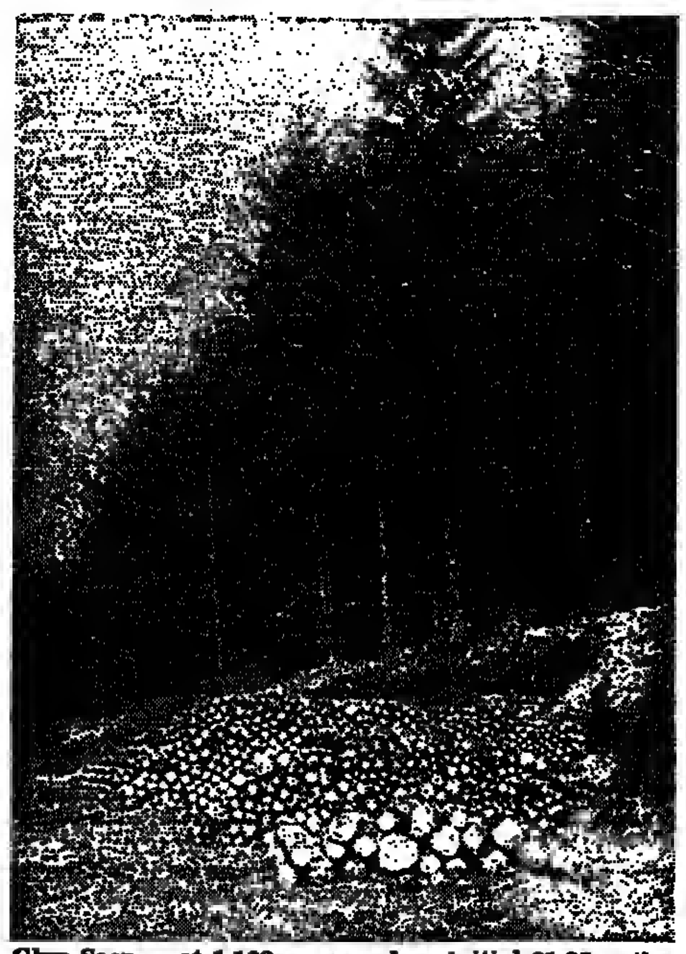
There has been no exodus of existing tax-shelter owners from the forests because those with newly-planted woods effectively are locked into a five-year transition period. Unless they sell, they can continue to offset establishment and management costs against tax until 1993.

What happens to the value of their woodland at that point remains to be seen, but it seems probable that sale prices will discount the remaining, non-deductible establishment costs of a young wood. As Richard Crosbie Dawson says: "Existing Schedule D owners of good-quality, well-established crops will not experience any noticeable impact on investment returns following the loss of tax reliefs on expenditure after 1993. Owners of young, low-quality crops, which are likely to require large further inputs, will not be in such a good position."

All the more immediately negative aspects of the non-tax regime are concentrated at the birth of a wood. In contrast, taking tax out of the equation widens the appeal of middle-aged and mature forests. The new rules mean there is no tax on the revenue from woodland. Neither is there any capital gains tax on the increased value of the timber crop; while the land and any capital improvements qualify as a replacement asset for roll-over relief.

Woodland owned for more than two years qualifies for 50 per cent business property relief under the inheritance tax rules; and, for woods held for at least five years, tax on transfers at death can be deferred until the trees are sold. Evans expects that an increasing number of people will come to see that "tax-free forestry is their best pension fund" while Hart believes that more individuals and family trusts will head for the woods as "a perfect way of witholding capital and endowing future generations with tax-free income" — particularly as "reduced land values will make capital gains tax much less significant."

Tax-free or not, there is not much point buying a wood for investment if you cannot sell the harvested timber. On that front, the forestry companies and agents have the evidence of the



Glyn Saer. . .at 1,108 acres and an initial £1.35m, the biggest forestry investment since the Budget in March

National Audit Office. In its 1986 review of the industry, it reported that a good commercial wood could be expected to produce a real return of 5 to 6 per cent a year. With only 10 per cent tree cover, Britain is one of the baldest of temperate countries, trailed only by the even more open countryside of Ireland and the Netherlands. Britain has less than half the average tree cover of all the EEC member countries and a third of the trees — on a hectare for hectare comparison — of Germany, the US or Spain.

As a result, Britain imported 88 per cent of its timber and wood product requirements last year at a cost of £5.7bn; and even with an unchecked planting programme, the country is not forecast to meet much more than a fifth of its needs before 2025. Obviously, there is no real danger of investor-owners producing too much timber, and that often is used as the beginning and end of the case for a continuing rise in the value of mature trees.

But the while the sheer volume of imports does emphasise the strategic arguments in favour of home-grown timber, it also means that the timber price is influenced far more by the value of the pound than by the productivity of UK woods. That is one of the reasons why the substantial investment in timber processing plant in Britain in the 1980s has been so critical to the evolution of forestry as a viable commercial proposition.

Without a continuous demand for locally-harvested timber, UK growers would find their market disappearing regularly whenever currency changes made foreign wood cheaper. The Government's continuing commitment to a high level of afforestation answers the concern of those who saw the Budget changes as a policy switch that could deter the timber process companies from making further investments.

Competition for mature woods from timber companies, as well as private and institutional investors, is helping to keep the market for larger woodlands active. A matter of days after putting the 1,018-acre Glyn Saer forest on the market, Colin Gee of John Clegg & Co was reporting "plenty of competition, even though this certainly is the largest forestry investment offered since the March Budget."

Priced initially around £1.35m, Gee explains that on a 30-year-old, mainly sitka, spruce plantation of this size, there is plenty of scope for active management to improve the yield. "Some people are more optimistic about the length of rotation than others and, on that basis, we could see a price of £1.5m showing a 6 per cent yield," he says.

Investors are by no means the only people drawn to woodland. And since the Forestry Commission started its programme of selling its smaller, ootlying woods, a whole range of people — from local farmers to people whose contact with the land is limited to e patch of city centre garden — have been buying at amenity values. "I have a mailing list of 3,000 people who have shown an interest in buying a wood if e suitable one comes up," says John Clegg. "Most of those would like a property of between £15,000 and £50,000."

Right now, Clegg (0494–784 711) has e 15-acre wood full of 30-year-old conifers near Dawlish in Devon for around £18,000; and a 40-acre wood just down the road that has everything from cedar, beech and ash to giant redwoods (although they have e few hundred years to go before they fully justify the "giant" tag, having been planted in 1955).

It is, says Clegg, "exceptionally unlikely" that anyone would ever get planning permission to build a permanent home in any of these small woods. But they have an appeal well beyond their blunt investment value.

Jack Evans at Finlayson Hughes (0463–224 343) reports just as much interest in amenity woods in Scotland. "Urban man increasingly wants to have e holding in the country," he says. Although anything less than 100 acres traditionally has beeu regarded as too small for effective management as an investment, there usually is strong competition for far-smaller woods, either from locals who can manage them personally or from absentee owners who just like the idea of having e stretch of woodland of their own to visit now and then.

Evans estimates that management costs for one of three small, 20-year-old mixed spruce pine woods on his books in Caithness would not amount to more than £150 a year and notes: "It is not usually a problem to find someone locally who will look after a small wood on an occasional basis." Costs range from £11,500 for a 37-acre wood to £22,500 for 104 acres, underlining the point that forestry need not be the exclusive preserve of the super-rich or traditional estate-owners.

President Ceaucescu's reordering of life in the Balkans is ripping out the soul of Bucharest in the name of social control, says **Colin Amery**

Megalomania in the spoilt city

THERE HAS been nothing like it since Napoleon III and Baron Haussmann reordered the centre of Paris. Hitler and his architect Albert Speer had similar grandiose plans for Berlin, but these were only partially carried out.

In his capital, Bucharest, President Ceaucescu of Romania is building avenues, canals, a palace, new ministries and rehousing national institutions on a scale to rival the achievements of any Czar. Unmoved by *protest, which is scarcely allowed* within Romania, a whole quarter of old Bucharest has been demolished for the building of the three and a half kilometre Avenue of the Victory of Socialism.

At one end of this avenue is a giant palace – the House of the Republic – housing the party, the President and government institutions. At the other will be a monument to socialism's triumph, built in a large new square. Other large avenues are contemplated, but it is difficult for citizens and certainly for visitors to ascertain exactly where the bulldozers will strike next. The area of Bucharest that Ceaucescu is at present rebuilding is the equivalent of the total area of arrondissements I, II, III and IV in Paris.

To see this monumental building activity is an experience not dissimilar to witnessing the building of the pyramids. However, the pyramids were built in the desert. President Ceaucescu's megalomanic activity is taking place within the confines of a city that was once seen as the Paris of the Balkans.

It is almost impossible to list the numbers of historic buildings that have been lost in the drive to build the first Communist city in Romania. Official figures are misleading but the international agency, ICOMOS (UNESCO's International Committee on Monuments and Sites) is deeply concerned. It is certain that a whole quarter of 19th century neo-classical houses, six 16th and 18th century Byzantine-style churches and two monasteries were demolished for the early stages of the project, and demolitions continue. Romania's signature on the 1964 Charter of Venice, drawn up by ICOMOS to protect the world's cultural heritage, is a joke.

My first impressions of Bucharest where dim ones. Arriving in the city after 10pm, I was, like all in this benighted city, subject to the effects *of the rationing of electricity. There* are few street lamps lit – luckily cars are few because of petrol rationing. The modern hotel was dimly illuminated and although I was promised a second bulb, it never materialised. Rationing is not restricted to power supplies. Almost all food is scarce and the most excited crowd I saw was queueing for cucumbers brought in by an enterprising black marketeer.

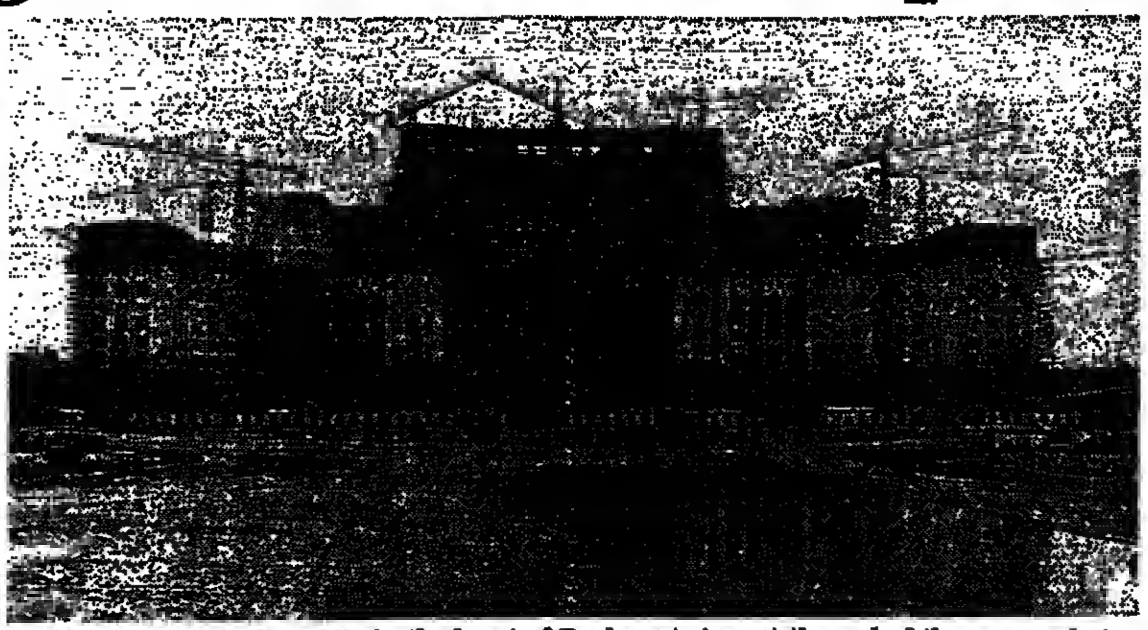
Romania's decision to pay off all her foreign debts while the President is building on the scale of Versailles has caused what even an official guide admitted was "a crisis." Communist regimes have often attempted *to destabilise their populations to* ensure conformity. The movement of uncountable numbers of the Bucharest population (only 50,000 is admitted) is one aspect of this disturbance, but even more alarming is the threat of a new policy of "*systematisare*."

This law, promulgated in 1974, has only been executed since 1986 and concerns the transformation of rural Romania into urban collectives. The objective is officially to clear villages to allow more land for agricultural production. In fact it is an attack on the very idea of village houses with their own small acreage and is intended to urbanise the peasantry.

During a visit to the countryside last week, President Ceaucescu spoke of a 15-year plan to make the new agriculture productive and of his wish to reduce the number of a region's villages by half. With those villages will go their names, burial grounds and long-standing associations with the ethnic minorities – to be replaced by concrete flats. One of these new communities is near the international airport, where the village of Otopeni has been replaced by six-storey blocks of flats. These have no indoor sanitation. Residents have to share outside lavatories.

Although every town and village in Romania can expect to benefit from what is officially proclaimed as "the Ceaucescu Epoch" it is in Bucharest that the visible signs are most manifest. Perhaps Olivia Manning had a prophetic insight when she named the second volume of her Balkan Trilogy, *The Spoilt City*. Even in her accounts of Bucharest during the last war she evoked much of the charm of a city that had always been a mixture of national influences – Wallachian, Moldavian, and Transylvanian, with *a strong dose of the French and Tur*co-Byzantine. Architecturally this variety of national cultures has enriched the widely-spread city.

There are quarters that feel like the remoter parts of Istanbul. The small, elegant one-storey classical houses have the feel of the Bosphorous about them. Whole quarters of Bucharest survive in what is, to Western European eyes, an agreeable state. Low houses with elaborately carved porches stand in their own plots and are frequently approached beneath vine clad pergolas.



The Palace of the Republic in the heart of Bucharest rises at the end of the avenue, but Presidential uncertainty about the skyline delays its completion

Among these charming houses are small orthodox churches, usually surrounded by rose gardens of great beauty. Inside, the officially sanctioned clergy and the less officially sanctioned faithful keep the flames burning in front of icons. At major festivals these churches are full, although there are no holidays for *Christian* festivals in a country in which scientific atheism is statutorily proclaimed as a religion. It is whole areas of Bucharest that have exactly this scale and atmosphere that have been demolished.

The old official centre of the city by the former Royal Palace – an unimpressive neo-classical building rebuilt in the 1930s – has a strong French flavour. The Rumanian Atheneum built in the 1880s to the designs of the architect Galleron is now the centre of the older city and is a handsome neo-classical building typical of many Bucharest buildings of that time.

It is still possible in Bucharest, along the Calea Victoriei, to enjoy a sense of serious French Beaux Arts buildings that look exactly like the most formal and detailed academic architectural drawings. There are so few cars that the older public buildings rise from unencumbered large squares and clear streets. It is equally possible to see very good examples of 1930s modern architecture, both commercial and public, much of it stylishly Art Deco.

But do not be lulled by the beauties *that remain in some parts of the city*. Take a look in the former Sutu Palace, a nineteenth century palace that is now the Museum of the History of the Town of Bucharest. Here you will see both the past and the future of this city – useful to arm yourself with some selected facts. I was, with my companion, the only visitor. On another occasion we were the only visitors to the National Gallery.

Once the attendants have *switched* on the few lights it is possible to grasp the breadth of Ceaucescu's vision. There is a photograph of the illuminated scroll signed by both Nicolae and his wife Elena Ceaucescu (the ranks second in the party leadership) which commemorates the inauguration on June 25 1984 of the building of the Boulevard of the Victory of Socialism and the start of the Palace of the Republic.

It is the endless photographs of the leader cutting ribbons, opening the two millionth flat, declaring the great new Danube canal operative, that impress anyone of the scale of the activity. In 1945 there were 335,000 publicly built flats. By the end of 1985 there were over two and a half million. These photographs are potent public images of a country that is making socialised progress. But the reality in Bucharest is less appealing.

My first view of the great new avenue was an oblique one from the newly-enlarged Piazza of National Unity. A sea of mud and cranes is the first sight. Then you are conscious of the scale of the operation: two miles of avenue lined by concrete classicism – flats, shops and offices.

Looking towards the Palace you are inevitably reminded of New Delhi. The government buildings rise on top of a flattened hill. A hemicycle of ministries are under construction and between them and the Palace will be an assembly place for half a million people.

The Palace is half built and the leader seems uncertain how to finish it. It is in a sub-Beaux Arts classical style blown up to some 17 storeys. The leader has vetoed the proposed swooping mansard roofs, and full scale wooden mock-ups of domes and towers are erected for his approval or disapproval.

It is hard to identify the names of the architects – although not hard to identify the source of all this concrete. *It is the* French new towns and the work of Riccardo Bofill – although I doubt whether he envisaged his sort of concrete prefabricated buildings being erected by the mile.

Architecturally it is only impressive for the scale of the operation – weak, illiterate and muddled classicism poorly built (by conscripts and prisoners) does not make for a new Versailles. The length of the Avenue is filled in the centre by fountains. The long vista of jets rising from mosaic-lined basins will impress, although in close-up the fountains will always look *flimsily* made.

The extraordinary thing about the ranks of completed flats, offices and shops is that they are empty. Who will be moved there? Which officials will occupy these new palaces? The answer is not only that there is a general reluctance to move, but there is also a fear that because these buildings are in fact tied cottages with no security of tenure after retirement, no-one wants to move in.

Planning as a means of social control is not new, but in Bucharest it can be seen at its most extreme. It is not just the lives of the living that are being controlled by the very soul of Romania. It is as though history did not exist before Communism.

Nothing but a visit to this country can convince anyone of the true scale of the madness of the regime. The long-suffering population seem so controlled as to be almost powerless. But even officials are prepared to admit that Ceaucescu's folly has gone too far. The abolition of buildings that smack of the bourgeois life – or worse still of religion – is a fact here. When churches are not demolished – 20 Orthodox ones have gone in central Bucharest, together with a major synagogue and some Baptist churches – they are moved (and probably damaged in transit) to sites where they are concealed behind the rising concrete of new buildings.

What is all too clear in Bucharest is that a whole population is powerless to prevent the symbols of socialism becoming the facts of a tyranny. Building mania is one of the worst forms of madness when it is uncontrolled. Bucharest is part of the cultural history of Europe. The tragedy is that we have seen it become a city of darkness – an horrific vision of a future that no sane person could possibly want to endure.

A city set to rejoyce

DESPATCHES
•Dublin•

JAMES JOYCE boasted that Dublin, if destroyed, could be rebuilt brick by brick using his novel Ulysses as a blueprint.

He was mistaken, of course. But it is a glorious boast of exile: home thoughts with love from abroad. For most of his life Joyce shook the damp actuality of Dublin off his feet. Ever at loggerheads with Irish Catholicism and with the cultural and nationalist movements embraced by his contemporaries, he was too European and too sentimental about Dublin to risk the paralysis of action such sentimentality can impose. "Silence, exile and cunning" were the watchwords of his art. They reduce memory to proper status: mere prop.

In Ireland, though, memory is an article of faith. Enthusiastic votaries and visiting dabblers in Joyce's associative mania have seized on this summer's celebrations of Dublin's Millennium ("th'Aluminium," as it is called by present-day Dubliners, whether or not they have read a single sentence of Ulysses or Finnegan's Wake) to buttress the Joyce legend with renewed energy and some real cement.

The June 13-26 *festival* highlighting the city's literary heritage has extra ballyhoo for "Bloomsday," literary Dublin's annual celebration of a day in the life of the city. For the faithful, a thousand years of turbulent life around Dublin Bay and on the river Liffey is but an evening gone compared with eternity captured in the single day during which the action of Ulysses takes place.

On that day – June 16 1904 – Leopold Bloom, a Dublin Jewish advertising agent, walked the city on his daily business, tossed from adventure to adventure like the ancient hero of classical antiquity. Monsters, enchantresses and the whirlpools of fearful chance were all in the day's work for Bloom and his companion, young Stephen Dedalus, who seeks some compensatory fatherhood as spiritual anchorage.

On the Sandycove beach south of the city, the Martello Tower now has a small museum of Joyceana. A bronze death mask wears a somewhat mischievous half-smile. "The door was high above ground level, and they had to climb a rickety ladder to get in," says Robert Nicholson, the young curator, referring to Joyce and Oliver St John Gogarty, who briefly shared the tower, rented as a Bohemian pied à terre before Gogarty's fun and games with firearms drove Joyce to safer lodgings. "There was no water, except what was collected in the rain tank on the roof. There's the pipe."

Ireland's June rain rattles on rock and Joyce's "snotgreen sea," but a climb to the top of the tower sets the opening section of Ulysses in visual amber romantic enough to persuade the most hardened sceptic of his towering genius with sound and picture created in language.

Similarly impressive son et lumière seep through the fanlights – still mostly broken – in central north Dublin. A wide, perfectly proportioned street of 18th century town houses sweeps up to the severe face of Belvedere College, owned and run by the Jesuits, the secondary school which today acknowledges Joyce, religious backslider, *as its most famous* old boy.

No. 35 North Great Georges Street has been snatched from what still seems terminal dereliction and shored under a new slate roof until funds can be raised to turn it into a cultural centre in memory of Joyce. Cash shall be found – you get the impression that Senator David Norris, a lecturer at Trinity College and Dublin's most flamboyant one-man band of hope and conservationist glory, will conjure the stuff out of damp pavement and *crumbling brick if he has to*.

"You wouldn't believe – dear God in heaven, you would not believe the wonderful plaster work in these houses. I felt like Howard Carter entering the tomb of Tutankamun when I first got into No. 35." David Norris's own house across the street is beautifully restored, and he is lobbying for "the right sort of people" – that is, conservationists of whatever sort – to move into his habitat their crusade. "Thank God, one of our greatest natural resources is poverty. Even the bloody developers are demolishing Dublin only house by house, instead of street by street."

Bloomsday, next Thursday, will be celebrated with readings and reenactments from Ulysses, pilgrimages to Joycean locations, lectures, and drinking sessions at Davy Byrne's bar in Duke Street. A I£25 ticket will take you to a Bloomsday Banquet in the Pillar Room at the Rotunda Hospital, the first purpose-built maternity hospital in the world (1776).

No 7 Eccles Street, address of Leopold and Molly Bloom, has been swept away, along with most of the eastern side of the street. No 77, opposite, is its surviving identical twin; inhabited, but only just. "Guard dog here," reads a sign in its graceful, filthy, front window. A flourishing buddleia grows in sponge-wet plasterwork. David Norris pats it through the railings. "You would not believe – you would not believe – the bees and *butterflies these things attract*. Come on, we're going to North Richmond Street, and then to Dollymount Strand."

The rain lifts. The Dublin afternoon shines pale blue. A burglar alarm sends its ferocious shrill along Eccles Street. "Somebody's breaking out," a man says laconically.

Gay Firth

John Griffiths previews Le Mans where Porsche is the 'enemy'

Jaguar aims to prove a point

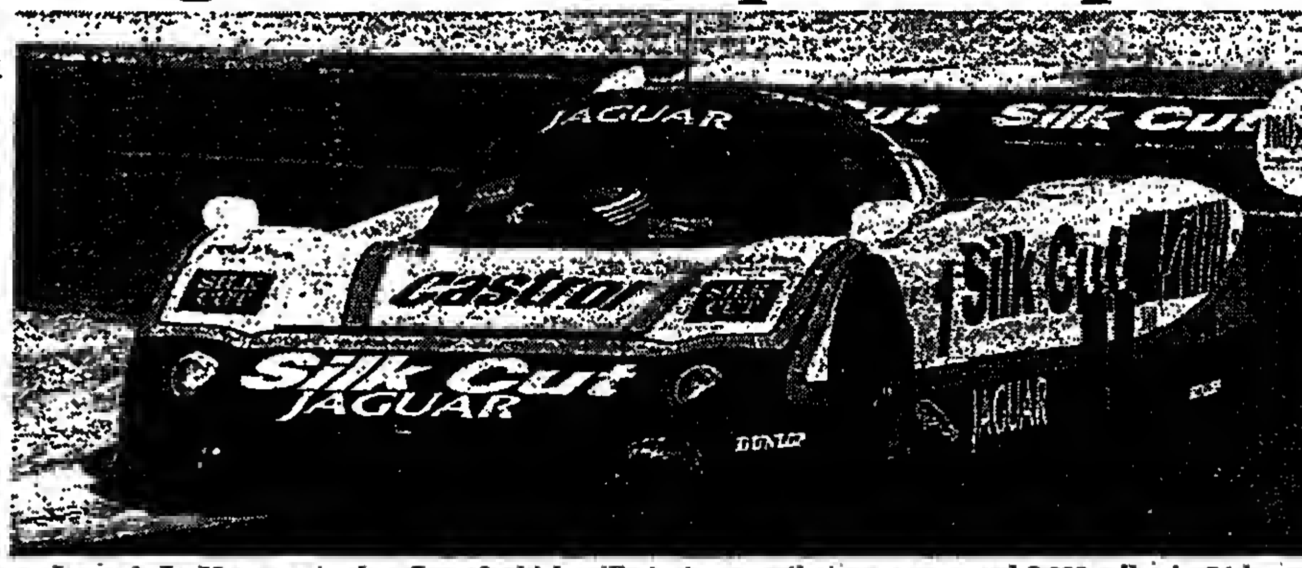
WE HUNG OVER the pit rail together, all pretensions to pragmatism tossed to the winds. Through clenched teeth and a cage of fingers clapped to his eyes, John Egan – the "Sir" yet to come – groaned quietly: "This is worse than running the business."

A few seconds later, the green and white blur that was causing the Jaguar chairman's hypertension hurled itself out of the notorious *parabolica* and thundered off down the straight at Monza, Italy, reeling in the last few yards to the leading BMW. Just two laps more and Jaguar's first official return to the racetrack for nearly 30 years would end in triumph . . .

That was 1983 and the opening round of the European touring car championship. But there were not two laps left – only one. And giant-killing Jaguar – for its two XJ-S machines were pitched against 17 or more BMWs – would not win the championship for another year. But then it would do so with ease and set its sights on the really big prize: the world sports car title.

Monza is worth recalling for the sheer contrast between that first hesitant weekend five years ago, when Egan's tiny coterie of spectators sidled unnoticed into Italy deliberately with fingers crossed, and the enormous hype surrounding Jaguar and *les Vingt-Quatre Heures du Mans* this weekend.

Officially, Le Mans, in western France, is just another round of the world sports car championship which Jaguar is leading for the second year in a row. In reality, it has a life and a challenge all of its own – not to mention many more deaths than the 55 years it has run.



Jaguar's Le Mans contender, five of which will start a race that covers around 3,000 miles in 24 hours

Winning Le Mans probably is worth more than the championship itself. And depending on whose estimates you believe, by this afternoon anywhere between 50,000 and 100,000 Britons will be surrounding the eight miles of this fabled circuit of the Sarthe – which for every other day of the year is public highway – expecting Jaguar to triumph.

More precisely, they, along with many of the 200,000 or so others attending, will be expecting Jaguar to pulverise the Porsches which have dominated world sports car racing against all comers for nearly a decade. This might be unreasonable but anything else will be considered a serious failure, despite it being a near-miracle that any car survives the 24-hour pounding which, uniquely among all motor races, requires travel flat out at up to 250 mph for a minute or more on the infamous Mulsanne straight.

From Jaguar's point of view – or, more precisely, the Tom Walkinshaw Racing organisatio. which operates the team on Jaguar's behalf – such an outcome will not be for want of trying. And there is one particular reason which goes beyond either the straightforward desire to win or the commercially-beneficial prestige which flows from victory (which, in his more pragmatic moments, was Egan's sole intention in re-entering motor racing in the first place).

In the early stages of last year's championship, Jaguar still was very much the underdog; its trio of cars was all it could field against the ranks of factory and factory-supported Porsches. Nevertheless, it racked up enough wins to be clear favourite in the two-horse Anglo-German championship race.

At that point, Porsche simply walked out on the *championship*, declaring it had more urgent business in competition at Indianapolis and elsewhere. Le Mans was the sole exception – and Porsche won. Adding to Jaguar's chagrin was the fear that its eventual world championship victory would, in the absence of Porsche, be seen by many as somewhat hollow.

This year, Jaguar is taking no chances – or, at least, as few as humanly are possible with a race in which the winning car almost certainly will have covered 3,000 or more miles by the finish. It is fielding five of its brutal, seven-litre cars, each of more than 600 horsepower.

Entered officially under the tongue-mangling designation of Jaguar *XJR-9LM*, the cars have *the inevitable collective* nickname of the Big Cats despite the purple and white livery of main sponsor Gallaher which gives them the *appearance* of high-speed Silk Cut cigarette packets.

They have a total of 14 drivers who will spell each other through the exhausting 24 hours from 3pm (French time) today. This time, though, they will not include Walkinshaw, the dour, bull-necked Scotsman who has managed in the past to combine his role as owner and chief executive of TWR with, literally, being its driving force – he drove Jaguar's European championship-winning car himself.

Against the Jaguars are ranged 49 other cars, including a works team of three Porsche 962Cs and a bevy of Porsche privateers. Until Thursday, the opposition also included the company seemingly most unlikely to inherit the position of underdog from Jaguar: Mercedes.

Off the track, Mercedes builds rather more than 11 cars for every one of the 50,000 or so Jaguar expects to make this year. On it, Mercedes already has won once this season and threatened Jaguar seriously several times.

Two Mercedes C9/88s (turbocharged, unlike the Jaguars) were to have appeared at Le Mans with the German company's full backing, even though the cars are run by the Swiss racing team, Sauber. But disaster struck on Thursday when one of them blew a tyre at around 240 mph. Mercedes officials, unsure of whether the mishap was caused by the tyre or the car, decided to withdraw both entries.

No matter what the *fans* expect, Egan knows full well that Le Mans 1988 will be no walkover for his cars. He will again be watching from the trackside, as he has done so many times since Monza in 1983. But whether, this time, he will find it more nerve-wracking than running the business is open to doubt.

As the all-important US luxury car market has faltered, and the dollar declined, so Jaguar's profits have come spiralling down – from £120m in 1986 to £97m last year. Forecasts for this year have dropped as low as £79m.

Things could be worse: Jaguar, unlike Mercedes and Porsche, is not actually cutting back on production. But, suddenly, times are tough and all three need every marketing advantage they can get. In that sense, the stakes at *Le Mans* have become higher than all three had bargained for previously.

Archaeology

Kingdom reborn

Gerald Cadogan on an opportunity to reappraise a period of Egyptian history

THE Middle Kingdom (2023 to 1650 BC) is the least known of the great periods of early Egyptian history. However, *Pharaohs and Mortals* at the Fitzwilliam Museum, Cambridge (until June 26; and at the Liverpool Museum, July 18 to September 4) gives the chance to reassess the Middle Kingdom's contributions.

It was an important stage between the Old Kingdom, 3rd millennium heyday of the Pyramids, and the 1552 to 1069 New Kingdom era of temples such as Karnak, Medinet Habu and Deir el Bahari (all near Luxor) and royalty such as Hatshepsut, Rameses II and Akhenaten.

Some Old Kingdom traditions continued into the Middle Kingdom, but at the same time the New Kingdom patterns of life and political power were starting to appear. A class of noble or ennobled officials emerged. Writing and literature spread throughout the elite. And the kings, while still omnipotent, for the first time allowed their statues to show what they actually looked like.

Since the Middle Kingdom survives mainly through its portable art, there is no need for the grandiose *museum displays* that try to rival the great Old and New Kingdom monuments still to be seen in Egypt. And among the Middle Kingdom small art comes the surprise of a group of female figurines of powerful sexuality that will complicate entrenched notions of a conservative Egypt that thought only about death.

But death monuments – the Pyramids – are the place to start. Most of these great tombs, linked by long processional ways to their "valley temples" beside the Nile, are Old Kingdom. During the 3rd millennium, they grew from humble *mastabas* (Arabic for benches) to the Step Pyramid and the Great Pyramid of Cheops, which occupies 13 acres and contains over 2m blocks.

Cheops's tomb was not the end of pyramids. The Middle Kingdom kings still built them and we have their pyramid workers' towns as early examples of construction camps. Rubbish tips with Cretan and Cypriot pottery may mean that some of the workers came from abroad. The Middle Kingdom kings also dedicated obelisks, a shape which, by the New Kingdom, had superseded pyramids as a symbol of the sun and its power. (Some accessible obelisks are in Piazza Navona, Central Park and on the Thames Embankment – they have nothing to do with Cleopatra.)

A surprise at Cambridge is a Middle Kingdom obelisk of a private person, chosen, the catalogue suggests, because it was a convenient shape for the inscription, but perhaps a sign of a more radical change in society. That was the rise of officials who could sometimes vie with the king. We know them from the small statues they had made of themselves with their own names, not of the pharoah and his name. This was a great step in Egyptian history. By the New Kingdom the officials were so aware of their importance (*plus ça change. . .*) that they had their tombs in the Valley of the Nobles painted with themselves receiving the foreign embassies to Egypt and the gifts they brought.

Despite this trend, autocracy remained the political backbone in all three Kingdoms, which are called kingdoms as they were at times more or less united along length of the Nile valley. The royal statues of the Middle Kingdom show the familiar disdainful stare of supreme power, as on a superbly arrogant pink granite head of Senusret III from the Fitzwilliam's own collection; but their faces also start to have some individuality, to emphasise the man as well as the job.

The small models of servants at work, and of food, again hark back to the Old Kingdom, but with changes. Some food is in clay still, but more expensive materials were also used – calcite (*alabaster*) *for a plump* trussed duck ready for the pot and blue-glazed faience for figs. The models were for tombs, where the food and the servants would look after the master's needs in the world beyond.

One model has the servants making bread. Another is a granary, with silos set above ground to be free from rats or Nile floods. The walls are painted with servants carrying sacks of corn in, and their names are listed. That made sure they would accompany the master into the future, as part of his larger family.

Tombs have preserved the Middle Kingdom jewellery. It is the finest of ancient Egypt, of great skill and in a restrained style. The best piece is a small gold catfish hair ornament. Beads were of amethyst and carnelian. A carnelian claw, from a bird or feline, was part of an anklet as an amulet to ward off any vicious nip. The models helped in the next world; amulets were needed in this to protect against nature. That explains a magic wand in bronze. It is not a stick but a coiled cobra, its hood up, two inches high and surprisingly frightening. It would scare any snake; and a model woman (priestess?) wearing a lion mask would make the lions run.

Children were another security, in a tradition which did not separate sexuality from keeping the human race going. So the models of women were both prayers for fertility and delights to the eye, fresh, individual and full of beguiling power. One woman has piled her hair. An Asiatic woman in wood, a baby slung on her back, has the weary serenity one who works a hard life. And a very attractive girl in ivory wears nothing but earrings. Her mortal sensuality would make even a pharoah turn his immortal gaze.

Egypt is in fashion this year. An exhibition of antiquities from Eton is at Sotheby's (May 16 to 27), the Petrie Museum of University College, London, reopens in June and Highclere (with Lord Carnarvon's collection) opens to the public in July.

· D I V E R S I O N S ·

Peace for parents... and fun for children

THE SUMMER holidays are looming, the eternal question beckoning. What on earth shall we do with the kids? Whether it is hang-gliding or chess, pottery or cooking that you think might appeal, somebody, somewhere is bound to have something on offer. Many — but not all — of this summer's camps and courses are already booked up so if you're still searching for inspiration the best advice I can offer is — hurry! And just in case you wondered what really lies behind the small print of the brochures, four children of assorted ages here tell in their own words just what they thought of the courses and holidays that they went on.

Lucia van der Post

HOW TO SPEND IT

MARK OTTO INMAN, aged 16, went to work in Canada in a camp for physically disabled adults.

"With our O-levels coming up in the summer, a group of friends and I were determined to do something interesting with the extended holiday. This turned out to be a great deal more interesting than we had expected. Two of us were to work at a summer camp run by Ontario March of Dimes for physically handicapped adults in Canada.

"The job was arranged through a friend in Toronto. We were sent a contract and minimal information on the job and all the bits and pieces on work permits and so on. At the time $400 (£173) seemed good pay for eight weeks work, though now it's hard to see why. There was a little difficulty in getting work permits; being only 16 the Canadians thought we might be running away from home or something.

"On arrival in Toronto the heat was the first thing that struck us. We went straight up to Camp Chetwynd, where we were to work, about three hours north of Toronto. We had arrived at the camp two days late due to our last exam, which at first seemed an enormous handicap. The camp consisted of three 15-room (each with bathroom) lodges overlooking a relatively small private lake (four miles circumference) surrounded by forest, as is all of that area of Canada.

"The first week was an "orientation" week, the purpose of which is to train counsellors in the camp activities and in the care of the handicapped. All of us were new to it. The other purpose was to help us get to know each other and form a team. We made many friends in this week among the 20 Canadian counsellors, who were mostly slightly older than ourselves.

"The arrival of the campers signalled the start of the work. Wa were allocated three campers to look after for each pair of counsellors. This was the first of four ten-day sessions throughout the summer. After each ten days we got a three-day break.

"The workload was really very heavy and we soon became tired. The working day was from 6.45am until the campers wanted to go to bed. This led to difficulties, as naturally most campers wanted to make the most of their holiday and stay up late and we wanted to sleep. This meant we often had a 17-hour working day. We had one day off in 10 days (split into one morning, one afternoon and one evening) and had to do one night shift per session.

"At first the $400 seemed a lot of money to us, but all the other counsellors were paid at least double this because they were 17 or over. Even they were often dissatisfied as wages for student summer jobs were usually better than ours. Ours worked out at about 30 cents an hour.

"The camp itself was well organised in many respects, with good leadership and two qualified nurses always there. They tried to run it all very democratically, with staff meetings to voice grievances, though these usually turned out to be both futile and excessively frequent (usually at 1am as well).

"Campers were kept busy most of the day with activities ranging from painting and other creative activities to camping out overnight for the more adventurous. The average day consisted of a morning session doing something creative and an active (usually very active) sport. The afternoons nearly always included swimming in the laka which almost everyone did and enjoyed. Evening entertainments were put on by various people. The camp sessions always ended with a banquet and dance with some theme or other and a prizegiving. The programme was also interspersed with outings to some local attractions. At the end of each camp session there were tears as the campers went back to their dull institutions for another year.

"Wa always welcomed the three-day breaks, which gave us opportunities to do many things and generally see the country. We finished our summer with ten days free in Canada which, regrettably, we were too tired to enjoy properly.

"The summer was very rewarding in many ways, particularly the work we did at the camp and the opportunity to see another country with so much freedom. We both became so infatuated with Canada itself that we were definite that we wanted to go back and live there; it's that sort of place."

Colin Inman adds: Ontario March of Dimes recruits its helpers mainly in Canada, so we were quite prepared to have to pay the air fare from the UK; also health insurance (about £70). The money the boys earned was just enough to support them in the breaks during camp, but they needed a subsidy for the time spent in Canada after the camp. The higher pay — and the physical strength and mental resilience needed — make this work more suited to 17-year-olds and upwards. There is no doubt that both boys benefited from it and enjoyed themselves in spite of the hardships.

Anyone interested in working in one of these camps should contact Cathy Smart, Ontario March of Dimes, 60 Overlea Boulevard, Toronto, Ontario M4H 1B6.

DUNCAN GOODING, aged 15, went on John Ridgway's Adventure Course.

"John Ridgway's adventure course is held at Cape Wrath in Scotland which is about as far north as you can go in the British Isles.

"The train journey from London is a long one but gives you time to make new friends who are needed later on.

"The staff are either ex-army or students. John Ridgway is a former SAS officer and the course is run on military lines. When we arrived, half asleep on the coach, an ex-army officer in his late twenties shouted at us to 'extinguish cigarettes and line up.' The mountain side we were standing on was running with water. We were split into two groups and walked some miles to our huts.

"There were four people to each room, sleeping on two bunk beds. These arrangements did not bother us because most nights were spent in the countryside on overnight hikes and expeditions.

"The food was high-energy food such as fried potatoes, eggs every morning and so on, topped up with Mars Bars from the tuck shop on the other side of the loch. I did not like the food at first but the threat of starvation soon cured that.

"Before breakfast every morning we had to go for a run up what the instructors called small hills but looked and felt pretty big to me. To try and build team spirit, if any one member was too slow, the whole team had to go for a swim in the loch near the huts where the water temperature was 8 or 9 degrees C on a good day.

"As well as running and swimming, we went canoeing, sailing in big and small boats, including one with a 70-foot mast, rock climbing, walking and sight-seeing if you liked looking at mountains. Personally, whenever there was a free minute I tried to get some rest.

"The most memorable part of the course was the night on survival island. After a day spent fishing with Mr Ridgway, the boat pulled up about 40 metres from an island. We stripped to our underwear and put our clothes into plastic dustbin bags. We were given only two fish between about 20 boys and girls. The boat pulled away and we jumped into the loch and swam ashore.

"The idea was to survive for 24 hours. We had to find fresh water, as the loch was a sea loch, and find food, including raw shellfish and seaweed, and make a shelter.

"I spent the night in my plastic bag and almost froze. When I woke up in the early morning my legs would not carry me and I had to relieve myself from a horizontal position.

"It had rained all night so we could not light a fire. We made a raft to get back to the mainland but it sank on the third journey, so some of us had to swim. We returned to base camp by walking six miles. We had piping hot showers, or so I thought. Later I found that the showers were cold but they had felt warm to our cold bodies.

"The course was incredibly strenuous and a bit like being in the army but I enjoyed it and would recommend it. You learn what you are capable of and it makes you self-reliant. Some boys and girls who seemed quite timid at the start ended up being very self-confident. I will always remember John Ridgway's advice to us: 'Nothing is impossible'."

Ken Gooding adds: We heard about John Ridgway's course after asking what was available for a teenager who had reached a reasonable level of competence in several sports and physical activities and wanted a very active holiday.

There are two courses: one for 12 to 15-year-olds and the other for those between 15 and 18 years. They last two weeks and the cost this year is £265 plus VAT. Return by train and coach from London, if required, £35.50. (And judging by our experience, you will probably also need to allocate extra money to the food bill for the two weeks after the course). Contact: John Ridgway Adventure Course, Ardmore, Rhiconich, Lairg, Scotland. (Tel Kinlochbervie 097-182-229.)

RACHEL RUSHBY found an advertisement for an activity weekend with the YHA in *Just Seventeen* magazine. She went to Golant near Fowey, Cornwall, which offered sailing, canoeing, horse riding and walking.

"I arrived at about 6pm on a warm, golden Friday evening and was greeted by the peacocks on the roof of the old white building. Inside I was given my bedding and told which dormitory to use. After making my bed I started to eat the ten bags of crisps, six chocolate slices and packet of Licorice Allsorts I had brought with me, assuming the food would not be very nice. I was soon proved wrong.

"After dinner I met Anneta, Lisa and Claire. The rest of the evening was spent listening in on other peoples' conversations, throwing the Monopoly pieces out of the window and watching two French boys trying unsuccessfully to regain them.

"After breakfast on Saturday we did the first of our activities — walking, the activity I had least been looking forward to. We went in a large circle from Fowey to Polruan and back to Fowey. We took the ferry across to Polruan and later crossed back from Bodinnick. The walk took us through some very beautiful countryside, but it was hard because it was hilly.

"When we got back to Fowey we had lunch and then got ready to go sailing on the hostel's lovely old wooden Folkboat. We sailed out of the river but when we got past Gribben Head the sea was rough and as the wind was increasing we turned back. With the time left we sailed up river as far as we could go.

"After a delicious dinner at the hostel we went for a walk and got hopelessly lost. Eventually we found a village on the riverside with a quay. It was absolutely dead and, in the gathering dark, rather creepy, so we set off to find our way back to the hostel.

"Sunday was horse riding and canoeing, but the day started grey and got steadily worse. In the morning we packed up ready to go. Leaving our bags in the dining room we went horse riding on Bodmin Moor. My horse was large, white, extremely slow and called Barnaby. We set off from the stables and within about five minutes Barnaby and I were what seemed like miles behind.

"Near to the end of the ride Barnaby had a sudden spurt of enthusiasm and decided to canter to catch up with the rest of the pack. This terrified me and in a mad rush I ended up clinging to poor Barnaby's neck!

"The canoeing was cancelled because of bad weather so we went back to the hostel."

"I enjoyed my weekend a lot. I made new friends and had a lot of fun and for £10 I think it was really good offer. I would do it again any time."

Further information from: YHA (England and Wales), Trevellian House, 6 St Stephens Hill, St Albans, Herts AL1 2DY. Telephone 0727-55215

JO and KATE CLARKE, who are 12 and 10½, have been going to Forest School Camps since they were 9 and 6½.

"FSC organises camps from spring to autumn — some are for weekends, others for one or two weeks and anybody from 6½ to 18 can go. There can be big standing camps, canoeing, walking and cycling mobile camps. Disabled and mentally ill people are very welcome," say Jo and Kate.

"We sleep in tents which can be borrowed from FSC, or you can take your own. We sometimes share our tents with other girls. You also need good strong waterproofs, a rucksack and a sleeping bag.

"We cook (on fires) in clans from all ages and each clan takes it in turn to cook for the rest of the camp. We go on hikes in groups according to our age, then we cook and cater in small clans, not just for ourselves.

"We play night games — smuggling ribbons across a field or finding missing people. Day games include puttock and killer frisby. In the evenings there are songs around camp fires, group fires or stories for the younger children.

"We are always helped by the farmers; once the farmer's sheep-dog had had pups and we spent a great deal of time playing with them.

"Camps give you freedom and teach you useful things such as how to cook on a fire and how to use a penknife."

Nobby Clarke adds: My daughters love the camps and we are entertained to camp fire song (some rudish) for months after. They had some difficulty returning to normal after their first camp - they came back filthy and swearing like troopers - but since then have coped much better.

"Inquiries to Lorna English, FSC Secretary, 110, Burbage Road, London SE24 9HD (Tel: 01-274 7566). Volunteer staff (expenses paid) are always needed.

Main standing camps cost £116 for fortnight, £105 for ten days; week camps from £65 to £80 (£95 for sailing); a canoeing weekend (£20 plus travel). All FSC camps are fully booked for this year and have been since February.

■ **Next week, Zoë Scivoletto, 13, on cookery school and Hugo "Nasher" Nathan, 12, on a Wildcat Ventures Holiday**

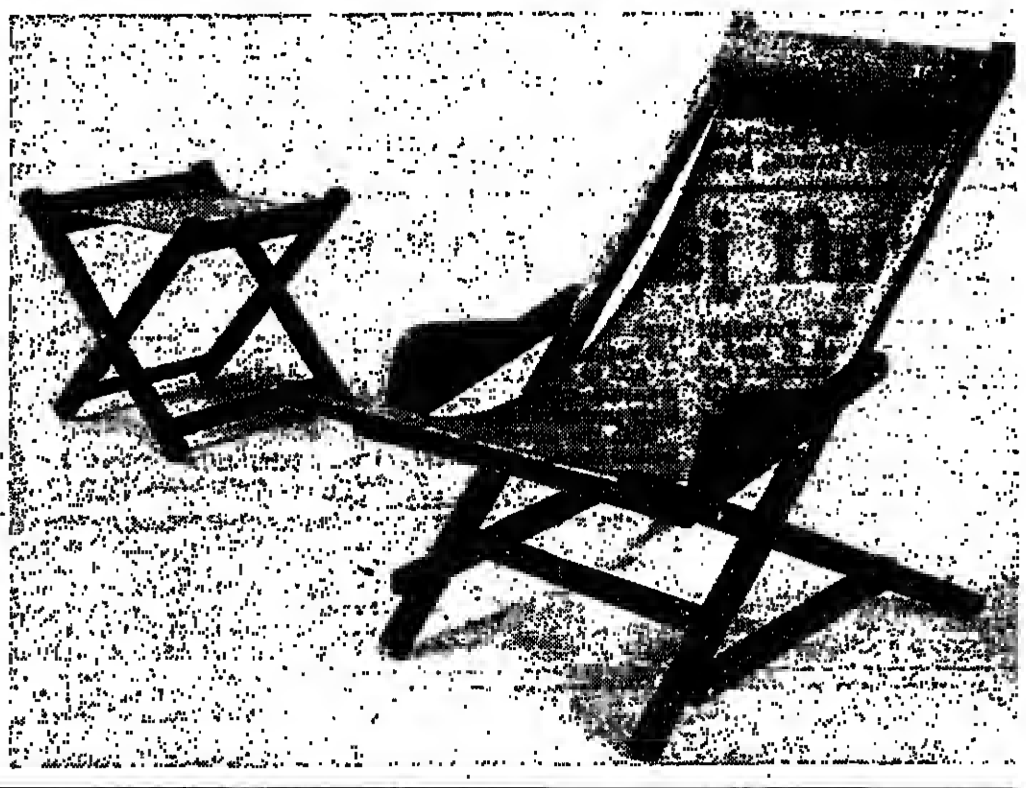
FOR LAZY SUMMER DAYS

THIS summer so far has been a trifle short of real full-blown drowsy weather — the sort (remember?) where nothing, but nothing appeals quite so much as a little light lounging about. The key to the British summer, however, is that it sneaks up on one all unprepared. The answer is to be prepared — set yourself up for the day when the sun finally blazes down from a cloud-free sky and there is a quite urgent need to put the feet up.

What you need is a deck chair that is comfortable to sit in and easy on the eye. For its centenary year the FT has commissioned a few special designs and this deckchair and footstool is one of them. With its sturdy wood brown frame (teak) and leafy green fabric (tough canvas) the deckchair is a classic. It is blissfully comfortable to sit in, the very thing with which to greet the langourous days of high summer. It is infinitely sturdier and much wider than most deckchairs, with good arms for propping up the elbows. There is a small rolled head cushion with the FT initials in a quietly discreet pink. Those who like nothing more than a quiet time after lunch on a summer Saturday with the Weekend FT may like to know that it has a beguiling rocking action.

Those who have to think about practical matters like storage space will be happy to note that it folds up quite neatly. The matching footstool on which to rest the aching feet is also an essential aid to the proper contemplation and planning of horticultural matters.

The price, it seems to us, is remarkably good compared with others on the market — the chair is £57.45 (including Vat and carriage) and the matching stool is £28.75 (also including Vat and carriage). There are only 300 deck chairs and 150 foot stools so it will be first come, first served. The deck chairs will be ready for delivery from the first week of July. If you'd like to place an order now you should send a cheque to: FT Centenary Deck Chair offer, Publicity Department, Financial Times, 10 Cannon Street, London EC4P 4BY.



Cookery/Philippa Davenport

Flair without fuss

ASK ME TO ice a birthday cake, or to pipe some duchesse potatoes, and my culinary confidence melts away faster than a sorbet in the Sahara. I'm all fumbling fingers and thumbs.

Careme would have ruled me out of the kitchen. He was, as you might recall, one of several chefs who earned the soubriquet "cook of kings and king of cooks" and the only one, so far as I know, to have pronounced that "the arts are five in number, to wit: painting, sculpture, poetry, music and architecture — whose main branch is confectionery."

It might sound like sour grapes to say that I have no ambition to be able to produce impeccable spun-sugar *frivolities*, carve swans from blocks of ice or recreate Ravello mosaics in diced red pepper, blanched leeks and so on under a golden aspic glaze. But it is true. Marvels they may be but I find they terrorise the appetite. Who wants to vandalise works of art with a knife and fork?

What I do aspire to occasionally are some of the minor miracles chefs seem to dash off with such consummate ease: the little tricks they conjure up to delight the appetite and excite your greed.

As good fortune would have it, some of the most appealing presentation ideas are quite feasible at home, even if you tend to be a little ham-fisted. They are not unduly time-consuming, nor do they call for special skills. What is more, they don't look out of place in a modest domestic setting *sans* pink linen napery and octagonal plates.

A chef probably would not rate a fruit salad *a la grecque* as worth a second thought because it is so simple. But it is a delight to me for it has the happy knack of making quite commonplace fruits seem just that little bit special.

Displaying the fruits on a flat plate, like splurges of paint on an artist's palette, shows off their lovely colours, textures and shapes to full advantage; offering them ready-prepared for lazy eating pleases the child in us all.

I like to line each person's plate with a few strawberry or fig leaves and include such fruits as strawberries complete with calyx, cherries still on the stalk, sprays of sugar-frosted red currants, peeled crescent-moon slices of ripe melon and peach, and figs split into one-sixth and fanned open.

Another trick — a few rungs further up the presentation ladder, perhaps — is making food parcels. The food wrappers you use and the foods you hide within can be as varied as Christmas presents. But savoury mousse mixtures, salad ingredients bound lightly with a creamy sauce, and patés (meat, fish or vegatable) make particularly good fillings, while thin sheets of smoked salmon or *prosciutto crudo* make elegant wrappers.

Spinach, leek and lettuce leaves are excellent and considerably cheaper alternatives, but the financial saving must be offset against the more fiddly tasks of having to blanche and blot dry the leaves before using them.

I was treated recently to a particularly attractive combination: plump, pillow-shaped parcels of smoked salmon tied prettily with "ribbons" of chives (some cooks favour spaghetti as "string") and filled with a mixture of fresh asparagus spears and chopped, hard-boiled egg moistened with a little mayonnaise.

Exquisite — but as I discovered later to my chagrin, making parcels like that is just not on unless you are the sort of person who can tie an impeccable bow-tie with one hand. So, without shame, I enlisted the help of a mould to produce food parcels that look almost as impressive but are infinitely easier.

Oil small coquette dishes lightly (3 fl oz size) and line each one with your chosen wrapping, letting a little surplus overhang the rim all round. Fill up with your chosen paté, mousse mixture or salad, then flip the loose ends over to encase the filling completely. Cover with slightly-oiled greaseproof paper and chill for several hours.

Unmoulding these parcels for serving is blessedly easy. I'm always fearful that mousses and jellies will split and collapse when I turn them out, but little parcels slip out of their moulds with admirable speed and good manners. Decorate the top of each one immediately before serving with a mimosa of sieved egg yoke, some toasted pine nuts, a few beads of caviar, or whatever other garnish seems appropriate.

Lemons make the most refreshing of all sorbets and their appeal *is heightened deliciously by the* classic trick of serving them in the scooped-out citrus shells. With their clean taste, frosty good looks and caps askew rakishly, they never fail to please me.

However, it is fun occasionally to add an extra and unexpected finishing touch — scenting the syrup with a background hint of cardamom, sweet geranium, pineapple mint, orange blossom water or the sweet muscat fragrance of elderflower. When I do this, I garland each plate with a little bouquet of sweet geranium, pineapple mint, philadelphus (mock orange blossom) or elderflower as a decorative clue.

As an alternative twist I make a water ice, not a sorbet, and save the egg white to whisk up instead a light meringue with which to cap the ices just before serving. I slide them into a hot oven for just three or four minutes to set the meringue exactly as though making baked alaska.

But the most dramatic, the quickest and the most foolproof *of all food parcels - and the most* pleasing to me for all those reasons - must be

SOUP UNDER A CRUST
(serves four)

The summery soup in this version is a satiny, rich, home-made chicken broth sharpened with tomatoes and fresh tarragon. What turns it into a party dish is the way it is served in individual bowls, each sealed under its own towering dome of golden pastry. This looks spectacular and tastes as good as it smells when the crust is cracked open at table, releasing the aromatic steam.

Scant 1lb large, meaty tomatoes; 3in cucumber; 1¼ pints richly-flavoured chicken stock; a little butter and fresh tarragon; one 14oz packet of puff pastry; one beaten egg yolk; one tblsp of cream for glazing.

Skin the tomatoes and cut the flesh into chunks. Peel, seed and dice the cucumber. Soften the cucumber slightly in a smidgen of butter. Add the tomatoes and stir for one minute, then pour on the stock. Add a pinch each of salt and sugar, a few torn tarragon leaves, and a grinding of pepper. Bring to the boil and check seasoning. Cover and set aside until completely cold.

Pour the soup into four bowls (which must be suitable for putting into a very hot oven), filling them no more than two-thirds full. Cut the pastry into circles 1-1½in bigger than the top of the bowl. Moisten the edges with *egg-and-cream glaze. Position* pastry lids over the bowl and press firmly all around to seal, but take care not to pull or stretch the pastry. Chill for 45 minutes.

Stand the bowl on a baking tray and glaze generously. Bake at 425 F (225 C), gas mark 7, for 10-15 minutes, then for 10 minutes more at 350 to 375 F (180-190 C), gas mark 4-5, until the soup is piping hot and the pastry is puffed up, golden and crisp.

Saleroom/Susan Moore

A public fund of treasures

The Countess of Southampton, oil on canvas painted by Elizabeth Vernon, held in the Fitzwilliam Museum

RICHARD, 7th Viscount Fitzwilliam, bequeathed his library, art collection, and money to build a museum to house them, to the University of Cambridge in 1816. In 1912 the collector Charles Marlay left the museum his money, his house, his works of art and his butler (who remained on the payroll for 30 years), the first providing the museum's principal funding until 1948. Looking around the walls and peering into the display cases, the importance of bequests soon becomes apparent. Some 90 per cent of the collection has come from gifts.

More than 700 objects have been acquired with the help of the National Art Collections Fund, a private charity established in 1903 to both stem the flow of works of art abroad and to help British museums and galleries – and now houses belonging to the National Trust – to build their collections. Its funds, which derive almost entirely from members' subscriptions, contribute towards the cost of an acquisition or, in exceptional cases, purchase a work of art outright. The NACF's role also extends to that of intermediary, allocating an individual's gift or bequest to the most appropriate home.

Its association with the Fitzwilliam dates back to the gift of an Attic red-figure pottery Pelike vase, decorated by the Pig Painter, in 1917. This is one of 160 objects acquired with the fund's help featured in an exhibition celebrating its 85th year (at the Fitzwilliam until June 19). The rich selection includes paintings, drawings, prints, manuscripts, sculpture, furniture, glass, metalwork, antiquities, porcelain and coins. It is the first in a projected series of NACF promotional shows at provincial museums.

The exhibition is as much about the achievement of the NACF as it is a tribute to the director of the Fitzwilliam, Professor Michael Jaffe, and his staff, for refusing to allow negligible purchase grants to prevent the acquisition of important works of art. (Last year the University cut the grant by two thirds to a token £2,600. The museum can only afford to open half its galleries Tuesday to Saturday, and both floors on Sunday afternoons.)

Like his distinguished predecessor Sir Sydney Cockerell (and most modern museum directors), Professor Jaffe courts collectors. John Tillotson's Barbizon School paintings and the Messel-Rosse fans spring to mind as recent gifts. (The impressive Gow collection of French paintings, drawings and prints was bequeathed through the NACF). The art trade has been inveigled to reduce its prices (note the Maloet bronze) or contribute towards a purchase.

One of the most interesting pictures is a Grand Tour portrait of "Allen Smith Contemplating Florence across the Arno," painted in 1797 by David's pupil F.X. Fabre (who obviously had Tischbein's Goethe in mind). It was bought with the help of Hazlitt, Gooden & Fox. That firm has been one of many to sponsor its exhibitions; Sotheby's is now presenting the drawings of the Florentine sculptor/painter Baccio Bandinelli.

Most impressive of all is the way in which monies have been charmed out of every public and charitable coffer. Since the director's arrival in 1973 there have been three national appeals, saving for the museum – and from export – Van Dyck's "Virgin and Child" in 1976, and Renoir's "La Place Clichy" two years ago (both on show).

Just how deeply the public is prepared to dig into its pockets was revealed in 1982 when the museum appealed for Stubbs's much-loved "Gimcrack with John Pratt up on Newmarket Heath." A phenomenal £272,000 out of the £600,000 needed came from individual donations. Leading the private subscribers were the Queen and the Queen Mother. A more discreet but no less committed campaign in 1984 also secured Anthony Blunt's Poussin, "Rebecca and Eliezer at the Well."

Sir Francis Baring (left) with John Baring (centre), two of the founding partners of Baring Brothers, with a later partner, Charles Wall, in a painting by Sir Thomas Lawrence

Public power, private lives

Philip Ziegler found himself a stranger in the City when it came to writing the biography of the Baring Brothers banking dynasty

WHEN IT was suggested that I should write a history of Baring Brothers, it was the longevity of the dynasty that attracted me first. Francis Baring established his business in London in 1762, 36 years before Nathan Rothschild arrived from Frankfurt. Now, 226 years later, his four-times great-grandson, John, is chairman of the house and his three-times great-grandson, Nicholas, is deputy chairman. Peter Baring is group finance director, another Baring is among the directors, three more work in the house. There cannot be many families in banking, or in any form of business, who can surpass this record.

But it was obvious that to write a book which consisted of no more than a series of potted biographies would not do justice to the subject. Hazy though my knowledge was of economic history, I knew that Barings had played a prominent part in national life, had finished the Louisana Purchase and the French indemnities after Waterloo, and had been conspicuous in the development of Argentina, Canada, Russia and the US.

The Duc de Richelieu had remarked in 1818: "There are six great powers in Europe: England, France, Prussia, Austria, Russia and Baring Brothers." Such an institution must be greater than the sum of its partners. The history of Barings would come close to being the history of banking. To write it one must establish how it raised money and to whom it was lent; what interest was charged and security demanded; what policies it pursued; what forms of trade it favoured; what governments it felt worthy of support and why.

Before I began to write my book I viewed the City of London as an impenetrable and probably hostile jungle. I would certainly not claim today to possess any very precise knowledge of its topography. Painfully however, and with the help of generous guides, I built up some understanding of what went on there and the systems that made it work. In this world Barings was never more than primus inter pares and often not even primus. Its activities could only make sense in the light of what its peers were doing or leaving undone.

Most formidable of those peers was the house of Rothschild. The City of London in the 19th century was often dominated by the rivalry between Barings and Rothschilds, a struggle viewed on both sides as one between Jew and Gentile. The first sentence of my book reads: "The Barings were not Jews." So bald a statement might seem unduly negative as the preamble to the history of a dynasty. It might even inspire disquiet among those who consider that to betray an interest in whether or not an individual is Jewish is evidence, if not proof, of anti-Semitism.

That the Barings were gentile, however, is the most significant fact to emerge from a study of their eminently respectable but undramatic genealogy. It shaped the growth of their banking business throughout the 19th century; dictated with which houses they should co-operate and with which do battle; led them to involve themselves in certain countries and eschew others. If the Barings had been Jews, the history of British merchant banking would have been different.

To study Barings through the eyes of Rothschilds, or vice-versa, is to see history reflected in a distorting mirror. Each credited the other with malign motives and indecent cunning. Yet even when the animosity was at its height, each house was careful not to cut off its rival's nose at the expense of its own face.

Like every historian or biographer I wanted to have access to all existing material and yet be free to write what I wanted. Fortunately, the directors of Barings felt the same. Yet no banker in his senses is going to betray the confidences of his clients or allow inquisitive historians unlimited access to recent files. If I had continued the story beyond 1945 it would perforce have taken on a different character. Nothing much happened during the Second World War, thus 1939 seemed the obvious date to end.

Yet 1929 was the year of the 2nd Lord Revelstoke's death. With his departure Barings took a fundamentally different course or, perhaps more accurately, his existence had masked a change that was already happening. The process was exaggerated by the slump and the decline of sterling. International issuing withered, corporate financing throve. The decade between 1929 and the Second World War looks forward to the post-war world rather than back to 1918. Any cut-off date would have been arbitrary and unsatisfactory, but I felt that 1929 was less so than any other. I added a short and non-critical epilogue, to give some indication of what has happened between then and the present day.

No-one at Barings made the slightest attempt to soften my occasionally harsh criticism of his predecessors. One sentence only it was suggested I might modify – an abusive, gratuitous and probably actionable comment I made about the products of one of the companies that it floated.

The most painful necessity in writing the book was to ration the space I could allow myself for biographical detail about the principal protagonists. From Francis Baring, who rose from almost nothing to bestride the financial world and command the respect of men such as Pitt and Shelburne, to the 2nd Lord Revelstoke, cold, haughty, yet still described by Edward VII as "the Prince of Bon Viveurs" – the story of Barings is rich in characters who deserve fuller treatment than I could give them.

It was equally painful to pass quickly by such peripheral yet intriguing figures as Lord Cromer, Maurice Baring, or Harriet Ashburton, that formidable blue-stocking who turned her Hampshire palace into a menagerie where literary lions like Carlyle and Thackeray grazed amidst politicians and assorted grandees and where she indulged her ferocious wit: "I don't mind being knocked down," complained one victim, "but I can't stand being danced upon afterwards." But the house of Baring was my theme, not the family, and though I have occasionally been guilty of self-indulgence, on the whole I have remained dutiful.

Although they never displayed the exuberant extravagance of the Rothschilds, the Barings acquired great estates, built stately homes, accumulated fine collections of pictures and furniture. They married vigorously into the aristocracy and themselves collected five peerages along the way. The name of Barings became synonymous with all that was stable and secure in British financial life.

The crisis of 1890, in which it teetered on the brink of bankruptcy and had to be rescued by the Bank of England, therefore profoundly shook the confidence of bankers the world over. Lord Rothschild for one was convinced that "the house must disappear..." No-one would trust them "with large operations again." "The name and the glory and the position and everything is gone," wailed Tom Baring from New York. "Verily 'A Great nemesis overtook Croesus'."

The sufferings and humiliations endured by those who led the house at the time of its disaster, and the courage and determination of the younger men who fought back until Barings had regained a large part of its former grandeur, make up what must be one of the most extraordinary stories in the history of British banking. Appalling mistakes were made; yet in the end one is left with enhanced respect for the integrity and dignity even of those who were most guilty.

● Philip Ziegler's book, *The Sixth Great Power: Barings, 1762-1929* (Collins, £17.50) will be reviewed by David Kynaston in the Weekend FT Business Books Survey next week.

Snuff jars not to be sneezed at

Susan Moore on the 'rediscovery' of porcelain tobacco containers

EUROPEAN Snuff Fortnight (whoever conceived of such a thing?) seems an opportune if not auspicious occasion for the British-American Tobacco Company to reveal an unrivalled collection of porcelain tobacco containers and accessories, even if the timing is coincidental.

Some 30 items from the company's newly-formed collection make their debut as the loan exhibition of this year's International Ceramics Fair at London's Dorchester Hotel (until Monday). The show is guaranteed to charm even those who are not among the nation's 500,000 or so snuffers – and to make any complacent museum curators feel exceedingly uncomfortable.

With the unveiling of the collection comes the curtain-up on the "rediscovery" of the tobacco jar. These often exquisite porcelain containers were invariably described in the inventories of the world's museums and country houses as jam or toilet jars until ceramics dealer Deborah Gage, the collection's curator, began looking at them with a critical, practical eye.

The saga – a curator's cautionary tale, perhaps – began eight years ago with her purchase of a curious St Clond *blanc-de-chine* jar. Puzzled by the fact that a so-called confiture or jam pot should be given silver mounts to make it air-tight, and that a heavy weight was fixed in its cover, she asked a jeweller to remove the modern mounts – and out of the cover fell its original lead tamper.

Archival research revealed tobacco jars to have been a distinct and substantial output of the ceramics factories, and a large corpus of jars masquerading under other names was located. Armed with conclusive evidence, Deborah Gage approached the British-American Tobacco Corporation, and an unusually appropriate corporate collection was underway.

With hindsight it seems unimaginable that no ceramic historian has ever questioned why so-called confitures should be made air-tight, or manufactured with impractical spoon holders that would make the sticky jam residue trickle down the spoon handle and the side of the jar. (The spoons were in fact used to transfer snuff from the jar into the snuff-box.)

No-one in our cigarette-carton era seemed to notice that some of these pots were decorated with such giveaway clues as stylised tobacco plants, or tobacco manufacturing equipment. Such jars and covers even appear, unequivocally, in paintings as famous as Chardin's "La Tabagie."

Tobacco jars were designed not only to keep their contents fresh, whether loose smoking tobacco or snuff, but also to indicate by their opulence the social importance of tobacco. The hard-paste porcelain first made at Meissen in 1710 was as highly valued in the pre-industrial age as precious stones or metals. The medium was admired for its glassy, translucent surface, and for the vivid enamelled colours permanently captured under the glaze.

The highpoint of porcelain manufacture in the mid 18th century happened to coincide with the apogee of snuff-taking as a social accomplishment. This explains the quality and 18th-century focus of the BAT collection.

Tobacco first appeared in Europe courtesy of the adventurers who had accompanied Columbus on the voyage of discovery in 1492 and witnessed the smoking of tobacco by American Indians. (Columbus had sailed to the West Indies to find the fabled island of Cipango, the treasure house of the East, but instead he found Cuba.) A recognised social habit by the 17th century – and believed to be efficacious – smoking was gradually ousted in France by snuff, the taste even passing to the Protestant English, German and Dutch, who traditionally preferred the pipe.

In the 18th century anyone with any social pretention took snuff. Passing and taking snuff soon became an elaborate ritual and, if one source is to be believed, required 14 separate moves to take a single perfect pinch. The habit was not restricted to men – indeed it provided one of the few legitimate excuses for intimacy between the sexes in public. Boxes ranged from simple papier-mache to jewel-encrusted caskets. Count Heinrich von Bruhl, Prime Minister of Saxony and director of the Meissen factory, claimed to own some 300 matching suits, canes and snuff-boxes.

Different blends of snuff were preferred as the day progressed. George IV used 14 varieties. Napoleon, an avid snorter although the habit went out of fashion early in the 19th century, sneezed his way through 7lbs of the stuff each week.

Snuff was doubtless first stored in Chinese jars, and the earliest jars on show reveal the influence of Oriental prototypes, such as the large Delft jar illustrated here decorated with a rare scene of indians at work in a tobacco plantation. A unique Rococo du Pquier tobacco table-box, perhaps the most sumptuous piece in the collection, is painted with an appropriately exotic Chinoiserie design. On show too is a St Cloud *famille verte* snuff-box, and a Meissen hookah decorated with gold dragons.

The smoking accessories are no less engaging. An ivory tobacco rasp (used to ensure ultimate freshness) is carved with an allegorical scene of smoking as the fire of love, and a 2½-inch Meissen pipe stopper comes fashioned as a neatly turned "maiden's leg," complete with racy blue suspender and a pretty pink and yellow shoe. In part the collection is delightful; as a whole it reflects a hitherto overlooked aspect of European social history.

• ARTS •

Deanna Petherbridge reviews Lichtenstein and Freud in Oxford

Importance of drawing conclusions

"Brushstrokes" by Roy Lichtenstein

THE DRAWINGS of Roy Lichtenstein at the Museum of Modern Art in Oxford (until July 3) is a compelling exhibition. A huge retrospective in small format of Lichtenstein's work from 1961, it allows more insight and understanding of the artist's development than a full-scale show of paintings and prints: it reasserts the primacy of drawing in an artist whom we had believed used line – that is comic-strip outline – as just one of several other important elements in a kit of alienating devices; and it makes clear how the conceptual process of drawing (from study-sketch to worked-up drawing, to full-scale projection on to the canvas) is also a ritualised act of alienation for Lichtenstein, drawing him away from expression and feeling.

The early drawings of 1961 and 1962, first in felt-tip or ink, then in pencil, take us through the stages of copying comic-strip images, and experimenting with techniques to arrive at a dotted background similar to the screen dots of crude reproductive techniques. By the time the artist has subdued mechanical means of production he has also begun to define his range of images, and to widen references.

A clear example in the first gallery is the study and worked-up drawing of the Temple of Apollo 1964. The sketch, based on a crude Greek post-card of Corinthe (he always works from second or third-hand sources rather than original imagery) is a simple line drawing, deliberately "straight" and uninformative. At the next stage, the drawing has hardened into mechanistic outline and planar formality against a dotted background and horizon line. Figure and ground are of equal importance, but the temple image has assumed a sort of semiotic savagery: it is a simple, anonymous but potent sign which is used again and again in Lichtenstein's oeuvre.

A major theme to which Lichtenstein returns repeatedly (even in murals) is the stylised representation of a brush-stroke, the ultimate Pop Art joke of art and reproduction. In the 1960's the brush-stroke itself, removed from context like the Whaams and Pops of comic-strip explosions, becomes the ironic subject of drawings and paintings. In the 1980's it becomes a symbol of a painting within the painting, in much more complex compositions.

Early and late studies show with what difficulty he arrived at the required stylisation. By 1963 he had begun to make small-scale studies in coloured pencils which were projected on to the canvas and slightly adapted before painting. The drawings employ coding systems, such as diagonal hatching to indicate colours, which in time become a decorative texture in the painting. "It's all thought up in the drawings and all accomplished in the paintings," Lichtenstein has said.

Like all 1960's work, the paintings are cool and unemotive, highly finished, suppressive of personal autograph; a sealed system. The onlooker's involvement, even wry or humorous, is tightly controlled by the artist. Presumably at the time, to have seen the drawings which so intimately reveal thought and process, would have given the game away!

During the 1970's Lichtenstein turned away from the imagery of popular culture and advertising to art history. The approach is the same: images, already mediated by reproduction are redrawn in a deliberately anonymous outline and arranged in crowded compositions, where every element is of equal importance. There is hardly a twentieth century major artist or ism that hasn't been milled over. The works are not just parodies, but investigations. The quality of drawn line in the studies changes in sympathy with the painting Lichtenstein is decomposing and recomposing: a hard, hatched line for Kirchner or Macke, soft pencil "brushstrokes" in the Cezannesque study for Forest Scene with Temple, 1985. In the Van Gogh reworkings, gesture has finally triumphed, albeit gesture reconstructed.

*

Lichtenstein was born in 1923 and his contemporary Lucian Freud (born 1922) is also showing works on paper in Oxford at the Ashmolean (Lucian Freud: Works on Paper; until Sunday, then to Edinburgh, Hull, Liverpool and Exeter before going to San Francisco). *Freud's drawings*, in a wide variety of media, are remarkably close in spirit to the paintings, and almost as potent in creating a sense of unease. Part of this unease arises out of the contradiction that these are portraits, to do with establishing personality; yet the sitters are most often subjugated by the artist. In the early portraits, the domination is by stylistic means, in the later work by *the concentration on ugly flesh* and vulnerability.

As in the paintings, the early spiky drawings have an imagistic clarity, close to that of the German Neue Sachlichkeit artists, which Freud later suppressed in favour of "objectivity." The conté pencil portrait head of Christian Bérard, 1948, signals the realist preoccupations to come, and appropriately the head is lying on a pillow, the most dominant position of his sitters for the next forty years.

Freud gave up drawing as an independent activity at the end of the 1950's and it remained a minor activity until 1970. The 1970's drawings, such as the rare portrait of the painter's father, retain a clarity of line and a sense of underlying abstract rhythm, surprisingly reminiscent of Wyndham Lewis and unlike the paintings of the time. By the 1980's, the smudgy, meaty charcoal drawings are much more related to the paintings. In reverse of the usual relationship of drawing to painting, Freud's drawings, whether in pencil, ink or etched line, are more formal, abstract and composed than the heavily emotive paintings.

One comes away from these two exhibitions wondering why drawing continues to be treated as insignificant in relation to painting and sculpture. The taboo of not showing drawings in relation to the rest of an artist's oeuvre needs to be radically challenged.

Ballet beaten in Bath

THE BATH Festival played host at the end of this week to the Lar Lubovitch Dance Company from New York. Lubovitch's work is not unknown in this country, and his style proposes abundant energy allied *to a simple* rhythmic response to his chosen scores. A not untypical sequence of *Lubovitch* choreography finds his dancers tearing into the movement, legs flying, arms flailing, the music's metre baldly marked by stamping and heavy foot-falls. The effect is naif, predictable, and the company dance-style – boisterous but unsubtle, muscular but oddly inelastic – does nothing to alleviate my feelings of being in the presence of wildly enthusiastic but unsophisticated performers.

At the Theatre Royal, Bath, the company showed three Lubovitch works on Thursday night, of which the most successful was *North Star*. In this the repetitious fatuities of a Philip Glass score – like Galileo's wall-paper, its patterns move – are matched by mirror images, canons, and kaleidoscopic shifts of activity. Two quartets are fascinating as they curve and break at the score's mesmerising behest, transcending Glass's nonsense.

But what is one to make of *Musette*, in which Poulenc's double piano concerto (in a vilely amplified recording) is beaten about the head by the company's *unrelenting roguishness as they* skip and prance, their feet wet with the dew of innocence, and then suddenly succumb to a serious outbreak of the minuet while the music speeds past, unheeding of these vapidities?

And what comment is possible about *Concerto Six Twenty-two*, a case of serious professional misconduct with Mozart's K.622 clarinet concerto? This offers a dire outbreak of romping in the music's *outer movements*. The cast are dressed in white, *pour le sport*, and indulge in the most winsome physical pranks and gambols, like superannuated tots, when the music is fast. But with the adagio we are plunged into a Buddy Ballet. Buddy Ballets are, with safe sex, a manifestation of the AIDS age. In them two chaps are shown to be Very Caring And Supportive, with a good deal of leaning on each other as sign of *sympathy*. I know of two *other* specimens, but Lubovitch's is an especially sticky item, albeit danced with skill and dignity by Sylvain Lafortune and Rick Michalek. It feeds vampire-like on the sublimities of the score, allows the two men to grapple and pose and partner each other, and could feature in any anthology of kitsch. I think Mozart should sue.

Clement Crisp

Records

Preoccupation with birdsong

Messiaen: Livre du Saint Sacrement. Bate. Unicorn-Kanchana DKP(CD)9067-8 (two CDs)
Messiaen: Turangalila Symphony. Quatuor pour la fin du temps. City of Birmingham Symphony/Rattle, Gavrilov, Deinzer, Palm, Kontarsky. EMI 7 47463 8 (two CDs)
Messiaen: Catalogue d'oiseaux, books 1-3. Hill. Unicorn-Kanchana DKP(CD)9062

THOSE WHO expected the premiere in 1983 of Messiaen's gigantic *Saint Francois d'Assise* to be both an artistic and theological *summa* as well as perhaps his farewell to composition have been thoroughly confonnded. Three works have followed the opera already, and the most substantial of them has been the organ cycle recorded here for the first time by Jennifer Bate. *Livre du Saint Sacrement* was completed in 1984; its 18 movements play altogether for a fraction over two hours.

It is, like so many of Messiaen's other pieces for the instrument a profound and sustained act of religious meditation, which reworks and reorders the elements of a musical language which has remained inviolate now for more than a quarter of a century. Messiaen's creative career has been, like his music, essentially *non-developmental* and immutable; its spiritual dedication has remained constant, even while the hierarchy of its surface elements – the modes and rhythms, the plainchants and birdsongs – has been shuffled down the years.

Some new birds appear in the *Livre*. A visit to Israel has furnished a fresh clutch of transcriptions, and they are woven into the texture of the organ writing within the *expected* linguistic melange. Jennifer Bate's recording, which controls dynamic and colour with enormous confidence and panache, was made on the organ of Messiaen's own church in Paris, *Sainte-Trinité*, and carries the composer's imprimatur. It could therefore legitimately be regarded as a definitive account of his most extended work for the instrument that has remained closest to him throughout his creative life, and for which he has consistently reserved his most intensely devotional music.

Certainly the world of *Livre du Saint Sacrement* seems very distant from that of the *Turangalila* Symphony. Rattle's recording with the CBSO follows relatively close behind that of Esa-Pekka Salonen for CBS, but outpoints all its predecessors by a considerable margin. Where previous interpreters have been content to emphasise the grand effects of the work, and its vertiginous range of expression and taste, Rattle is fastidious in his teasing out of textures and colours, a task in which his soloists Peter Donohoe (piano) and Tristan Murail (Ondes Martenot), as well as the CBSO, are willing accomplices. But in doing so much justice to the details of Messiaen's scoring the performance loses none of its presence or dramatic immediacy, and indeed some of the more notorious set pieces – the fifth movement, "Joy of the Blood of the Stars" for instance – gain positively in conviction and musical purpose from having their intrinsic inventiveness underlined.

All but two of the symphony's movements are accommodated on the first of the compact discs, and consequently there is room for a substantial fill-up on the second. This proves to be the set's only disappointment, for rather than providing a new version of any one of a number of Messiaen's orchestral works badly in need of a modern recording, EMI has elected to reissue a 1976 performance of the *Quartet for the End of Time*. Despite its distinguished line-up of instrumentalists it is by no means the finest available account, and no compensation at all for the lost possibility of hearing, for instance, Rattle and Donohoe in *Oiseaux exotiques* or *Sept Haikai*.

Peter Hill's survey of Messiaen's piano music for Unicorn-Kanchana has proceeded chronologically, and now has reached the birdsong period of the 1950s. His accounts of the six pieces which make up the first three books of *Catalogue d'oiseaux* are as finely prepared and scrupulously realised as anything in the previous two instalments of the cycle, and offer what seems to me one significant improvement. Hill had previously used a Bösendorfer piano, producing a sound world which at times seemed at odds with the colouristic imagination behind the music. Here, for pieces in which the scenic and textural contexts are even more sharply observed, he has switched to a Steinway, opening up a whole range of keyboard colours that are implied by Messiaen's piano writing, and the result now seems to me convincingly more idiomatic.

The *Catalogue* is undoubtedly one of the ultimate tests for true Messiaen followers, for it demands a more wholehearted acceptance of the contradictions of the composer's aesthetic and mystical stance than almost anything else in his output. The musical means are pared down to the bare ornithological essentials, and the construction becomes that much more hieratic. Hill preserves both concentration and content magnificently; his exposition of the more extended of the pieces included here, "The Blue Rock Thrush" and "The Black-eared Wheatear" makes one eager to hear his performances of the remainder of the set, and of the two pieces that Messiaen has written in the same genre since.

Andrew Clements

Radio

Superman at 50

NO ANNIVERSARY hits the calendar but the BBC will celebrate it, so I should not have been surprised to find three Radio 4 programmes and a two-page cartoon in the Radio Times to mark Superman's 50th birthday. We did not learn if Jerry Siegel or Joe Shuster, his inventors, were still with us, but we were told, in Dick Vosburgh's interesting programme on Saturday, *Superman – the Serial*, the date when he first saw the light, in Detective Comics, June, 1938; who played the radio lead (Bud Collier); and who did the opening it's-a-bird-it's-a-plane bit (Jackson Beck).

Dick Vosburgh's feature was built round a sample of the original radio serials. The top crook Wolf and his confederate Keno plan to switch the Silver Clipper express between Denver and Salt Lake City onto a disused branch that leads into a canyon 1000 feet wide and 1000 feet deep. Clark Kent, a.k.a. Superman, is on the story for his paper, but Wolf has him locked in a cell with massive steel and concrete walls.

No sooner is he left alone than he breaks out, picks up the train crew that have been left on a mountainside ("one under each arm"), rings up his Managing Editor at the Daily Planet ("hold the presses"), puts the train back on the right track and arrests the crooks ("I hold both of you with one hand").

Anyone who still doubted if he actually flew, after reading Christopher Dunkley's learned letter in last week's Spectator, must have been convinced. This kind of excitement went out daily, Monday to Friday, sponsored by Kellogg's Pop, a cereal I don't see at my local Sainsbury's. It was a hundred times more exciting than Tuesday's *Superman on Trial*, by Dirk Maggs.

This began with the cartoons, drawn by Dave Gibbons, which set the scene. Superman, handcuffed in the dock, is charged by Lex Luthor with crimes against humanity. (Do I scent satire? Yes, but not very strong.) He had come from the planet Krypton (where we got his unlikely childhood in flashback) to disrupt our civilization. Counsel for the defence is none other than old-time colleague Lois Lane. Among the witnesses she calls is Batman, who claims that he and Superman have a common objective, to clear the world of pollution.

Before any verdict is reached, Superman is free from the krypto-active cuffs, Clark Kent's secret identity is revealed, Lois Lane throws him over, the judge rules that man must live without superhuman help, and the Police Commissioner charges Luthor with fraud and bribery. I found little excitement and less pungency in the show, nor any valid comment on the value, or otherwise, of the "graphic novels" that launched him and his competitors.

There was more convincing excitement in Radio 4's account on Sunday of Alexandra David-Neel's expedition to Lhasa in 1923, the first in a series of seven about women explorers, indicrously called *With Passport and Parasol*. Mme. David-Neel (not as Scots as she sounds) carried no passport, her object being to reach Lhasa unknown; and she certainly carried no parasol, for she went disguised as the mother of a young Sikkimese lama, Yung Den.

For this she had to augment her hair with yak's hair and conceal her European skin under layers of local dirt. She was immune to dirt, both on her clothes and in her food; she would not have agreed with e.e. cummings that "there is some S. I will not eat."

The extracts from her book were read by Dorothy Tutin with the proper blend of self-satisfaction and exhilaration. The book was received with some reserve on its publication, particularly for her accounts of adventures that she admitted "bordered on the hallucinatory," such as her self-generated heat that raised a bonfire in arctic conditions at 19,000 feet. She seems not to have had much consideration for Yung Den.

More reliable narration spoken by Daniel Massey added the details of the journey that Mme. David-Neel, who carried no baggage but cooking-pots, could only guess at. The programme was compiled by Julia Keay.

B.A. Young

Chess No. 726:
1 R-QB1, K-Q4 or Q2; 2 R(K2)-QB2, and if K moves; 3 R-Q1, or if P-K7; 3 R-Q3.

PUBLISHING: THE FUTURE
edited by Peter Owen. Peter Owen. £10.95, or £6.95 paperback, 128 pages

Anthony Curtis on the outlines of a crucial symposium on the future of publishing

Words on words

TOMORROW EVENING at 6pm there will be a Celebration of Literature in Westminster Abbey. Richard Hoggart has selected a number of passages which will be declaimed by John Gielgud, Peggy Ashcroft, Ronald Pickup, and Juliet Stevenson, with music arranged by Martin Neary for the Special Services Choir and the London Brass Ensemble.

The Abbey ceremony will inaugurate the 23rd Congress of the International Publishers Association which continues throughout the week until Friday at the Queen Elizabeth II Conference Centre, Westminster. Roy Jenkins will make the speech of welcome at the opening session on Monday, followed by short speeches from Mme Suzanne Mubarak, wife of the President of Egypt, K. Natwar-Singh, India's minister of external affairs, Wang Meng, China's minister of culture, Frederico Mayor, the new director-general of Unesco, Garrett Fitzgerald, Dzingai Mutumbuka, Zimbabwe's minister for higher education, and Nobel prizewinner Wole Soyinka.

During the week there will be a series of general discussions on World Trends in Education, Copyright, The Library as Communicator, Piracy, Freedom to Publish, with "keynote speeches" from Giovanni Agnelli, chairman of Fiat, George Steiner, the literary critic, and others, as well as a number of working sessions each day. Side events include gala performances at the Royal Opera House with Joan Sutherland and the Festival Hall, a *fête champêtre* at Hever Castle in Kent, receptions at the British Library, and farewell banquets at the Guildhall and other city halls.

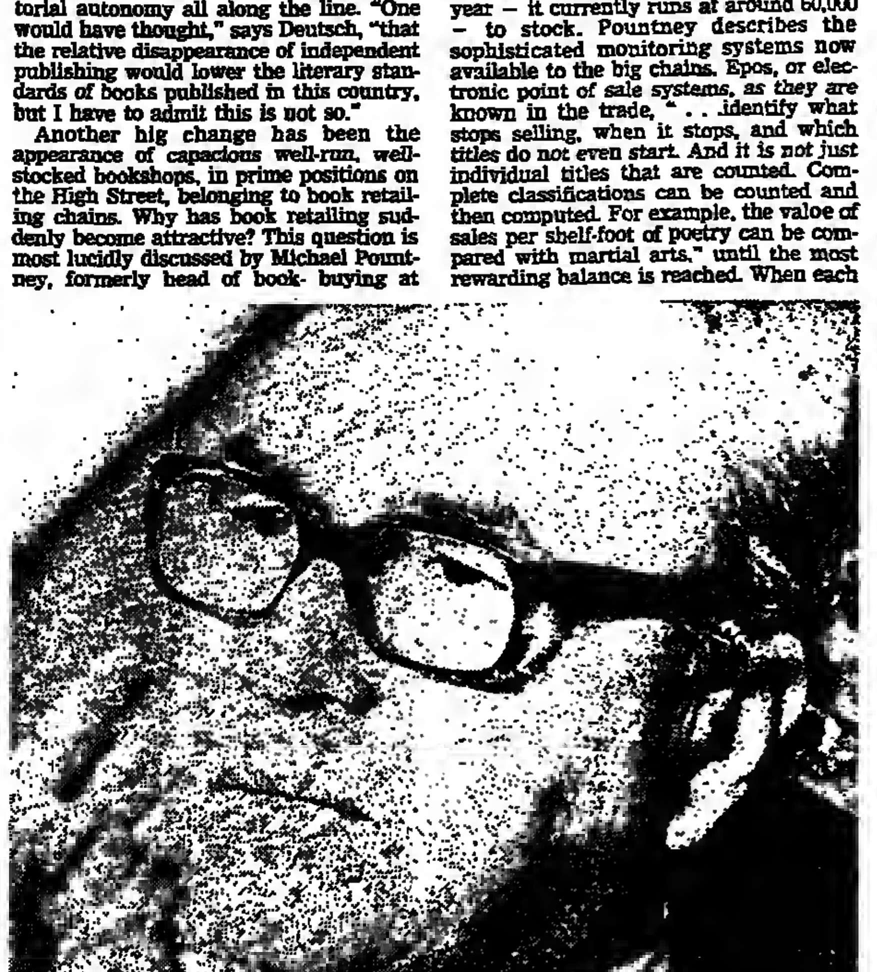
An alternative programme of entertainment, arranged by Ernest Hecht of Souvenir Press, includes evenings with Alan Bennett, Elizabeth Welch, Donald Sinden, Michael Foot, and Ekkehard Schall of the Berliner Ensemble in songs and verse by Brecht.

No-one can remember when anything on a remotely comparable scale was organised in London by the publishing industry. It could not come at a more welcome time; the opportunities for the industry as a whole and the perils it faces have never been greater. An outline of these as they affect publishing in Britain in several different areas is given in *Publishing The Future*, a symposium edited by Peter Owen, one of a dwindling band of independent publishers who love literature. André Deutsch, who is another, says that, "in the last ten years the publishing landscape has changed profoundly, and in the last 18 months these changes have accelerated."

The most significant change has been the emergence of transatlantic publishing conglomerates owning a whole range of separate imprints, general and specialist, hardcover and paperback, with centralised financial control but (hopefully) editorial autonomy all along the line. "One would have thought," says Deutsch, "that the relative disappearance of independent publishing would lower the literary standards of books published in this country, but I have to admit this is not so."

Another big change has been the appearance of capacious well-run, well-stocked bookshops, in prime positions on the High Street, belonging to book retailing chains. Why has book retailing suddenly become attractive? This question is most lucidly discussed by Michael Pountney, formerly head of book- buying at W.H. Smith, now editorial director of Unwin Hyman, in a contribution on The Publishing/Bookselling Balance.

As everyone knows the problem in running a bookshop is to decide which titles out of the vast number published each year – it currently runs at around 60,000 – to stock. Pountney describes the sophisticated monitoring systems now available to the big chains. Epos, or electronic point of sale systems, as they are known in the trade, ". . . identify what stops selling, when it stops, and which titles do not even start. And it is not just individual titles that are counted. Complete classifications can be counted and then computed. For example, the valoe of sales per shelf-foot of poetry can be compared with martial arts." until the most rewarding balance is reached. When each title earns its place on the shelves the whole operation starts to become profitable.



Roy Jenkins, who is to make the speech of welcome on the opening day of the International Publishers' Conference

A recent development which has surprised the industry has been the expanding potential of the trade paperback. This is a paperback edition which does not have the regular format (that is, it does not fit the supermarket rack), may cost around five or six pounds, and will probably be published by the same imprint as the hardback edition of the book.

Thus it is now possible for there to be three separate editions of a best-selling book following on each others' heels. This, as Paul Scherer, managing director of Transworld publishers, explains in his article on Paperbacks, actually happened for the first time in the case of P.D. James's recent crime novel, *A Taste of Death*:

"Published in hardcover by Faber and Faber at £10.95 in June 1986 and sold around 20,000 copies. An intermediate trade paperback edition was then published by Faber at £5.95 in October 1986, with great success – about 150,000 copies sold worldwide. This was followed by the mass market edition in October 1987 – again with great success (520,000 to end 1987)."

If our old friend the hardback book is still capable of generating sales figures like that, news of its imminent demise would seem to be exaggerated. But what about the area of academic and scientific publishing? In this field, will not the screen and the database replace tha weighty tome and the slim monograph? No, not according to Gordon Graham, chairman of Butterworths, in his informative contribution on Academic and Professional Publishing. He sees paper-work and screen-work as being in partnership not in competition. "Databases are for searching, not for reading, at least not for deliberate reading."

A literary scholar who is writing a book on (say) *Shakespeare's Innovative Use of English* needs to have a complete list of all the citations from Shakespeare in the *Oxford English Dictionary*. A few years ago he – or a reasearch assistant – would have had to go laboriously through every volume of the Dictionary to compile this information, involving many weeks' tiresome grind. Now with the whole *Dictionary* transferred to CD-ROM he can tap in a request for a list and get it on screen within seconds. But that does not write the book for him: it merely provides the core material.

Other fascinating topics dealt with entertainingly in the symposium are life within the publishing group (Michael Turner), feminist publishing (Wendy Owen), illustrated book- publishing (Robert Adkinson) children's books (Pamela Royds), and publishing as a career (Marion Boyars). For anyone seriously considering this last option Peter Owen's book is required reading.

Robin Lane Fox on the gentle art of head-hunting

Heads and tales

The not-so-savage savages: two men in Taian

WHERE THE SPIRITS DWELL: An Odyssey in the Jungle of New Guinea
by Tobias Schneebaum. Weidenfeld & Nicolson. £14.95, 209 pages

HEAD-HUNTING IS not what it used to be. We have debased the phrase and tamed it. Even in New Guinea, the tribes who still do it are not supposed to be doing it nowadays. Proper head-hunting was closely connected with battle: it was not necessarily murder for the bell of it. In New Guinea, men wear rings made from boars' tusks on their arms, one "pip" for each enemy head which they bring home. In Europe, they cover their arms in khaki and wear symbolic stripes instead.

Tobias Schneebaum's unusual book reminds us that these tribes do not only go for the head. Schneebaum describes how he travelled with great courage and physical stamina to the Asmat tribe in New Guinea. The Asmat have a bloody reputation which he shows, most charmingly, to be undeserved. He lived with them and was adopted into a family. He chewed their sago and sucked their nipples: at one welcome-meeting, they licked his body from top to toe.

Forget those images of perfect skins and glistening muscles: he describes people who suffer from horrible skin-complaints, not often of their own making.

There are Christian missionaries and a bishop in the area, but they come well out of his story. Not all their commandments attract much attention. At awkward moments, the locals can always escape Christianity by slipping off to that great un-Christianised shelter, the jungle. There are plenty of reasons for slipping off. Many men have several wives and it is quite customary to swap the women in one another's pack. When the author told the Asmat about Lesbianism, they thought it a very funny joke.

The young men were much more pleased with Schneebaum's gifts of bars of soap. The boys have a rare old time together in the lily-ponds. The impression left by this book is that the modern Asmat do not always aim quite so high as they are supposed to.

I do not think that Tobias Schneebaum is a natural author. His style is contrived when he is trying to set the scene; he likes to tell tales and imagine possibilities, analyse his own identity and take his eye off hard fact. However, his book survives these difficulties because its tale is so remarkable. Thosa chapters which are straight narrative carry you with them. I ended by taking the whole story on its own terms, as the personal memoir of an American homosexual, brought np as a Jaw and launched from New York into an even gayer corner of the planet. Among the Asmat, a male companion is called a *mbai*. The Government and preachars have tried to forbid it, but this corner of the jungle now turns out to be a *mbai-er's* market.

According to Schneebaum himself, New Guinea is only the latest stop in his most un-Homeric odyssey. He claims to have been "part of such practices in Peru, Thailand, Mexico, Japan, Korea, Uganda, Kenya and elsewhere." It must be a shame that he cannot travel back in time and try out ancient Athens and Sparta.

Even so, the Asmat were different. They always kept their male companions beside them, even when sleeping among their women. "I no longer felt isolated, as I inevitably felt under Western concepts that denounced such practices. It was as if homosexual relations existed everywhere, even though, more often than not, they might be underground."

Schneebaum has endured some testing circumstances. He writes as if no new human encounter could terrify him. I admire him for that, although I did wish that his observations were more systematic and less of a sequence of impressions, straying from one custom to the next. However, I ended by enjoying the tale for what it is – the frank impressions of a most unusual outsider.

It takes a particularly self-conscious visitor to report quite frankly that his homosexual partner, found in the jungle, "gave a sense of security and wholeness that I had never felt before." It takes a particularly frank one to admit that "later, I recognised that I was satiated, full of Asmat, full of New Guinea, ready to return to New York."

GREY IS THE COLOUR OF HOPE
by Irina Ratushinskaya, translated by Alyona Kojevnikov. Hodder and Stoughton. £12.95, 286 pages
PENCIL LETTER
by Irina Ratushinskaya. Bloodaxe Books. £10.95, or £4.95, paperback, 89 pages

Bars on the window, lines from the heart

IRINA RATUSHINSKAYA is a poet who expresses herself straight from the heart. Not really political, she celebrates whatever is human and natural. On account of her poetry, she was arrested and sentenced in 1983 to a camp reserved for women dissidents, known as the "Small Zone" at Barashevo in Mordovia. Aged 29 at the time, she was the wife of Igor Gerashchenko.

They do things differently in the Soviet Union. Three years of Hell ensued, of hunger strikes and punishments and detention cells, in which she was weak and ill and often on the verge of death. This served to fortify her will, and the will of those women with her, never more than a dozen, all prisoners of conscience too. In the words of one poem in *Pencil Letter*:

"I will tell of the best people in all the earth,
The most tender, but also the most invincible."

Life as depicted in *Grey is the Colour of Hope* is almost unimaginable to those of us accustomed to living under the rule of law. Soviet authorities are not accountable, and they withhold food and heating and medicine and clothing as it pleases them. No rights exist, and simple decency is exceptional. A few of the "Small Zone" authorities and guards were sadists, but the majority were stupid, themselves prisoners of a vast and impersonal system of repression. By way of proving a point, Ratushinskaya one day copied out in a letter to her husband some lines written by the French poet Robert Desnos to his wife in 1944 in the concentration camp of Flossenburg. What the Nazis had permitted, the Soviets now censored.

But what a prisoner Ratushinskaya was! She tells us almost nothing about her Christian faith nor how she strained it, but it was the foundation of her strength of character. She was not prepared to move one single inch down the totalitarian road. From the beginning, she defied the authorities, refusing to be degraded by wearing a name-tag, insisting on correct behaviour on their part, never compromising. "I have no values other than to tell no lies," she writes.

To hate the authorities would also have been some sort of surrender. Such poor and pitiable people would gladly have had Ratushinskaya behaving in a way they could understand, and she asks magnificently, "Is it not pathetic that they have designs on our immortal souls?"

Among the women prisoners was an informer whom the others managed to isolate. Another cracked under the pressure. Otherwise solidarity remained total. In defence of each other, they too declared hunger strikes and ran risks which could only end in the punishment cells. One of their number was an elderly Lithuanian, Jadvyga Bieliauskiene, a Catholic. One day the KGB discovered some illegal communion wafers in her possession, and ground them underfoot.

Holding herself responsible for the desecration, Jadvyga declared that in penitence she would not speak to anyone for a year, and she held to that. Once women of such conviction would have been numbered among the saints and martyrs, and perhaps when this new Dark Age is past, Jadvyga and the others will be too.

No doubt the most remarkable feature of Ratushinskaya's writing is its gaiety. Her poems are all of a piece, simple representations of prison experiences. She never dwells upon the dark. Whether describing the feats of Nyurka, the Zone's cat, or simple frost on a window-pane, she is always observing, creating images like the true artist that she is, one of the pure in spirit.

It was impossible for the Soviet authorities to hide this imprisonment. After incessant representations from the West, Ratushinskaya was released and permitted to leave the country with her husband. Of the others, of those without the talent or character to defend themselves, we know little or nothing except that they are still too numerous to be counted. The real test of the Soviet Union and its intentions, as Ratushinskaya confirms, is in their continuing abuse of its own citizens.

Irina Ratushinskaya: a poet with an unbreakable human spirit

David Pryce-Jones

A HISTORY OF WEST INDIES CRICKET
by Michael Manley. André Deutsch. £17.95. 576 pages

Cricket's happy accident

CRICKET, a game once synonymous with languid English aristocrats and dour, gum-chewing Australians, has experienced a dramatic change of image.

Nearly all the standard-bearers of modern cricketing excellence are West Indian: Vivian Richards smashing the ball nonchalantly to the boundary, Malcolm Marshall racing menacingly up to the wicket, or Roger Harper throwing down the stumps before an astonished batsman has a chance to react.

Cricket's development in the Caribbean is one of history's happier accidents. English colonists exported the game absent-mindedly as a means of whiling away the long, hot days; slaves were expected to provide net practice, bowling at their owners.

Old hierarchies are difficult to dislodge. Not until 1960 were prejudice and custom conquered and the first full-time black captain – Sir Frank Worrell – appointed.

By that time, the colonial edifice was crumbling. Although the West Indian political federation disintegrated, cricket remains one of the region's most potent symbols of cultural unity. It is only fitting that one of the Caribbean's best known politicians, Michael Manley, a former Prime Minister of Jamaica, has chosen to write this book.

He tells the story with a pretty straight bat – plenty of statistics and matter-of-fact descriptions of Test matches – a style rather out of kilter with the traditional flamboyance of the Caribbean game. There is only the occasional late cut; for example, a perceptive aside on the causes of the differences in English and West Indian techniques, to indicate a shrewd mind at work.

Manley might have benefited from a more impressionistic approach. The one literary device employed – telling the story in flashback from a recent Test between the West Indies and England – becomes rather strained and pointless after a few chapters.

Nevertheless, it would be just about impossible to produce a dull book on West Indian cricket. Manley duly parades the heroes: Sir Learie Constantine, George Headley, the three Ws (Weekes, Worrell and Walcott), Hall and Griffith, Clive Lloyd, Lance Gibbs and those two "little pals of mine, Ramadhin and Valentine."

However, the one player who epitomised West Indian cricket was Garfield St Aubrun Sobers. Not only was he one of the greatest batsmen the game has ever seen, he was also a world-class bowler in three different styles and a magnificent fielder in any position. Sobers achieved it all with effortless grace and a friendly smile.

Sobers and his colleagues in the West Indies team of the 1950s and early 1960s rescued cricket from a period in which the dogged professionalism of other countries was driving away the crowds. But Manley seems less prepared to accept that the present all-conquering West Indies side might be undermining, rather than boosting, the game.

It is easy to dismiss complaints about the never-ending production line of fast bowlers as the sour grapes of humiliated opponents. But West Indian batsmen also seem to have been affected; fully-fledged successors to Greenidge and Richards have yet to emerge.

The all-pace attack has meant few overs and fewer opposition strokes. In the long term, that can only kill cricket as a spectacle – the last thing that any West Indian would want.

Philip Coggan

A THOUSAND YEARS OF FAITH IN RUSSIA
An interview with Patriarch Pimen of Moscow by Alceste Santini. St Paul Publications. £7.95, 182 pages

Church's Cold War thaw

THE MUTUALLY supportive association of the Russian state and the Russian Orthodox Church which began in 988 ended abruptly in 1917 with the October Revolution. Instead of the privileges of establishment, paid for by Tsarist control, the Church was thrust onto the margins of national life, given a contemptuous permission to continue supplying spiritual opium to those who could not do without it, but forbidden to promote such deviant behaviour. Worse was to follow in the persecutions of the 1930s and again under Khruschev.

Patriarch Pimen, leader of his church since 1970, has lived through the post-Revolutionary upheavals and has himself suffered imprisonment. Nevertheless, in this rather impersonal interview he makes no reference to past or present difficulties in being a Christian in the Soviet Union. Church dissidents are coolly dismissed as politically motivated. Instead, he presents an optimistic picture of his Church as a thriving and constructive force in modern society.

He dwells enthusiastically on its official and diplomatic activities. Especially significant is his involvement since 1963 with numerous peace and disarmament conferences. This brought him three Soviet honours and seems to have been a means of taking his Church out of the cold of official displeasure.

Geoffrey James

Fiction

Ireland's ambiguities

THE SILENCE IN THE GARDEN
by William Trevor. Bodley Head. £9.95, 204 pages.
THE PARADISE EATER
by John Ralston Saul. Grafton. £10.95, 270 pages.
A TRACE OF MALICE
by Patrick Modiano, translated from the French by Anthea Bell. Aidan Ellis. £10.95, 219 pages.
CULTURE SHOCK
by Valerie Grosvenor Myer. Duckworth. £10.95. 169 pages
PILGRIMS WAY
by Abdulrazak Gurnah. Jonathan Cape. £11.95. 232 pages.

THE BIG HOUSE is a powerful symbol in Anglo-Irish writing and William Trevor's *The Silence in the Garden* has a not very grand one on an island off the coast of Co Cork. Inhabited at the book's start by the remains of a once powerful Anglo-Irish (i.e. Protestant) family and, at the end, by the illegitimate son of a family servant, the house is seen across nearly 70 years from the turn of the century.

Trevor's extraordinary gift for atmosphere, for encapsulating history in an afternoon, culture in a few sentences of dialogue, appears on every spare, pregnant page from straight narrative to diary entries by a spinster who outlives the rest of the family. She is the poor relation (governess, companion, housekeeper) who, in a way, inherits the family's world alongside the boy Tom whose father, the family butler, was killed by a Republican bomb intended for someone grander just before his wedding, thus making Tom's bastardy a reason for excruciating patronage from the respectable.

In a sense, all Trevor's work deals with what might have been and what didn't happen, just as his most successful characters – in this novel, as often in others – are those whom life and relationships seem to have missed; the Irish backwater in particular, not necessarily chaste but glumly uncommitted.

It is this sidelong, half-committed look at things, with a spiritual innuendo suggesting far more than it says and often implying enormities, that gives Trevor's work its particular stamp and, in particular, suits his view of the ambiguities of Ireland.

The Paradise Eater is about drug-running in Bangkok, involving two of the most gruesome murders I have ever seen described (one in a pigs' slaughter-house). But there is much more: the foot-loose European (in fact, English-Canadian) in a Far Eastern culture to which he cannot ever belong although he has lost most cultural links of his own with Canada, England or Europe; morality of a kind; the serious treatment of corruption, greed and venery.

William Trevor

John Ralston Saul has been compared with Graham Greene and the comparison is apt. He has a throw-away descriptive gift, an eye for not just the seedy but the appalling, an ability to find qualities in the most unpromising and flaws in what looks, on the face of it, good. In other words, he is a moralist.

Hard-hitting, *disconcerting*, feverish and painful, *The Paradise Eater* takes John Field, an expat in Bangkok for more than two decades, through his last days there, pursued by killers for what he might know, determined to save two girls (one his daughter, the other a kind of slave he has bought) from the horrors which await them. Much of the narrative is spent in the girlie bars where 50 Dutchmen may arrive on a package tour for mass orgies and very young peasant girls are publicly debauched.

Europeans one would consider quite nice are accustomed to it all and the little victims regarded with a cool, professional eye; until Field finds one, sick, sterile and finished for public display at 17, and buys her – first from her pimp and then from her family. It is memorable in its depiction of out horrible modern world and its treatment of the poor, in sleazy luxury by the rich.

A Trace of Malice, also a thriller of sorts, is by comparison vague and unsatisfying, tantalising the reader into expecting something that matters which never turns up. Translated by Anthea Bell into lucid, attractive English, for most of the way it seems better than, by the end, it turns out to be.

An English writer of successful thrillers goes to Paris after 20 years away. Gradually, we discover that he is really French and transferred himself from a strange, louche circle into another name, life and career; English wife, children and gorgeousness suggest a rich, settled present. But the dénouement is feeble, unbelievable, unacceptable. One doesn't believe a word of it and, worse, doesn't care.

The only novel of the batch with a format outside the mainstream is *Culture Shock*, a first novel and a talented one set in a university city called Christminster which seems remarkably (or perhaps, since the author was there, unremarkably) like Cambridge.

Rachel Ambrose College, founded by militant suffragettes, is still all-female; and from Japan, America and English suburbia come all sorts of women for all sorts of experiences. Their interaction, social, affective, aesthetic, is often very funnily described and the wealth of references gives the novel a crossword air which might seem attractive or affected depending on your view. A little drawn out and over-exuberant, but full of glitzy stylistic promise.

Pilgrims Way is set in a not dissimilar city (Canterbury, I think) and another institution, a hospital. Daud, a Muslim from an East African country who came to England to better himself, works there as an orderly, cleaning up after operations, scrubbing floors; he lives in a slum house in almost total misery, guiltily remembering home and parents, unable to make anything of the present. A love-affair with a nurse seems to bring little improvement; his only two friends are viciously at odds with each other.

If *The Paradise Eater* is full of factual shocks about the abuse of women and children, *Pilgrims Way* shocks with its account of British racism. The writing is layered: action, and wishes or action-manqué, speech, and Daud's unspoken thoughts; it is strong and sparky.

Isabel Quigly

•WEEKEND FT REPORT•

MUSEUMS and ART GALLERIES

Journey into a real world

AFTER years in largely self-imposed seclusion the leading national museums and art galleries are emerging, blinking and apprehensive, into the full glare of the real world. They are being forced to accept some Thatcherite principles, although, predictably, the Government has no clear idea of what it actually expects of these leading national institutions. Its thinking is as confused as that of some museum directors and boards of trustees.

The Government line is that it is not going to increase funding of museums in real terms. If they want to grow and develop they must raise additional revenue by marketing their qualities to the public at large, to private patrons, and to companies.

The plus in this approach is that the Government would get off the back of entrepreneurial museum directors and give them more freedom to run their own affairs.

But it is an impossible situation. While the Government is even a half-hearted paymaster it will want to interfere. Hence the idea of the Minister for the Arts, Richard Luce, that the museums could raise extra funds by selling off some of the thousands of uncatalogued, unviewed, and unappreciated items that are rumoured, often inaccurately, to languish in their basements.

It is possible that this idea may be quickly scotched. It is illegal for many museums to sell off the treasures that history has entrusted to them; the sums raised would be derisory; and experience suggests that the unloved object of one generation is the prized exhibit of the next.

In the US, museum sell-offs are an accepted practice (the Museum of Modern Art in New York recently raised £3m. by disposing of one Matisse, surplus to requirements). In the UK, no trustees want the legal right to posthumously insult their benefactors in this way, and there are signs that the Government is backing away from introducing legislation which would make such de-accession possible because of the united opposition of the art Establishment.

Upsetting the benefactors is just one more hassle for museum directors who think they already spend too much of time on public relations exercises, such as being nice to potential sponsors, and dealing with pressing practical problems, like leaking roofs, and shortages of staff.

Undoubtedly the biggest change in the museum world in the last five years has been the arrival in the top positions of a new generation of directors, who either by inclination or by accepting reality, know that they must market their museums more effectively.

Some directors, like Neil Cozzens at the Science Museum, with a background of running a commercial museum (Ironbridge) wants to detach his museum from the traditional framework and acquire the right to borrow money from banks and other free market initiatives. Others, like Elizabeth Esteve-Coll, at the V & A, has a background as an efficient administrator and is prepared to court sponsors to secure the much needed renovation of galleries at the museum.

The Tate (Nick Serota arriving later this year), the National Gallery (Neil MacGregor, who has been in charge just eighteen

Antony Thorncroft reports on funds, freedom and the hassles

months), the Royal Armouries, the National Maritime Museum, all have new young enthusiastic directors. There will be changes soon at the British Museum and the Natural History Museum. Time has worked in the Government's favour in bringing a generation of directors to the fore alive to the task of opening up museums while still committed to maintaining standards. In effect, they are a new breed of scholarly business managers.

But the directors face a constant and debilitating financial battle. The most depressing annual statistic is the gap between the Government's annual increase in grant, which is fixed on an over optimistically low view of inflation, followed by the agreement that the Government then invariably makes with the Civil Service unions, who staff the museums, which leads to pay rises for them at a higher figure. Since about 80 per cent of a museum's costs go on payroll, a sudden rise in the wages bill throws all the budgeting out of control and ensures that the museums have scarcely any money left to plan anything new.

They could, of course, save on staff, but cutting back on custodians means closed galleries, or even closed days, and a general air of decline. The Natural History Museum was faced with losing 75 scientific staff over five years in order to meet its budget. The alternative, which it reluctantly took, was to introduce admission charges. In the short term this is a poisoned chalice, with the experiences of the National Maritime Museum and the V & A suggesting that in the first year of charges attendances fall by 40 per cent, which, in cash terms, means lower sales at the shop and in the restaurants.

Attendances do pick up again but museums should not be forced to introduce charges as an alternative to financial ruin. If charges are to be introduced they should lead to positive benefits — like the V & A's ability to open on Fridays, or more ideally, a better exhibition programme or more exciting galleries.

Hence the search for sponsorship. The Imperial War Museum is looking for a company prepared to invest £1m over four years to enable it to stock its renovated galleries, which open next year, with exciting "hands on" exhibits. By offering more to the public it hopes to get both the backing of an imaginative sponsor, and more revenue from its admissions charge.

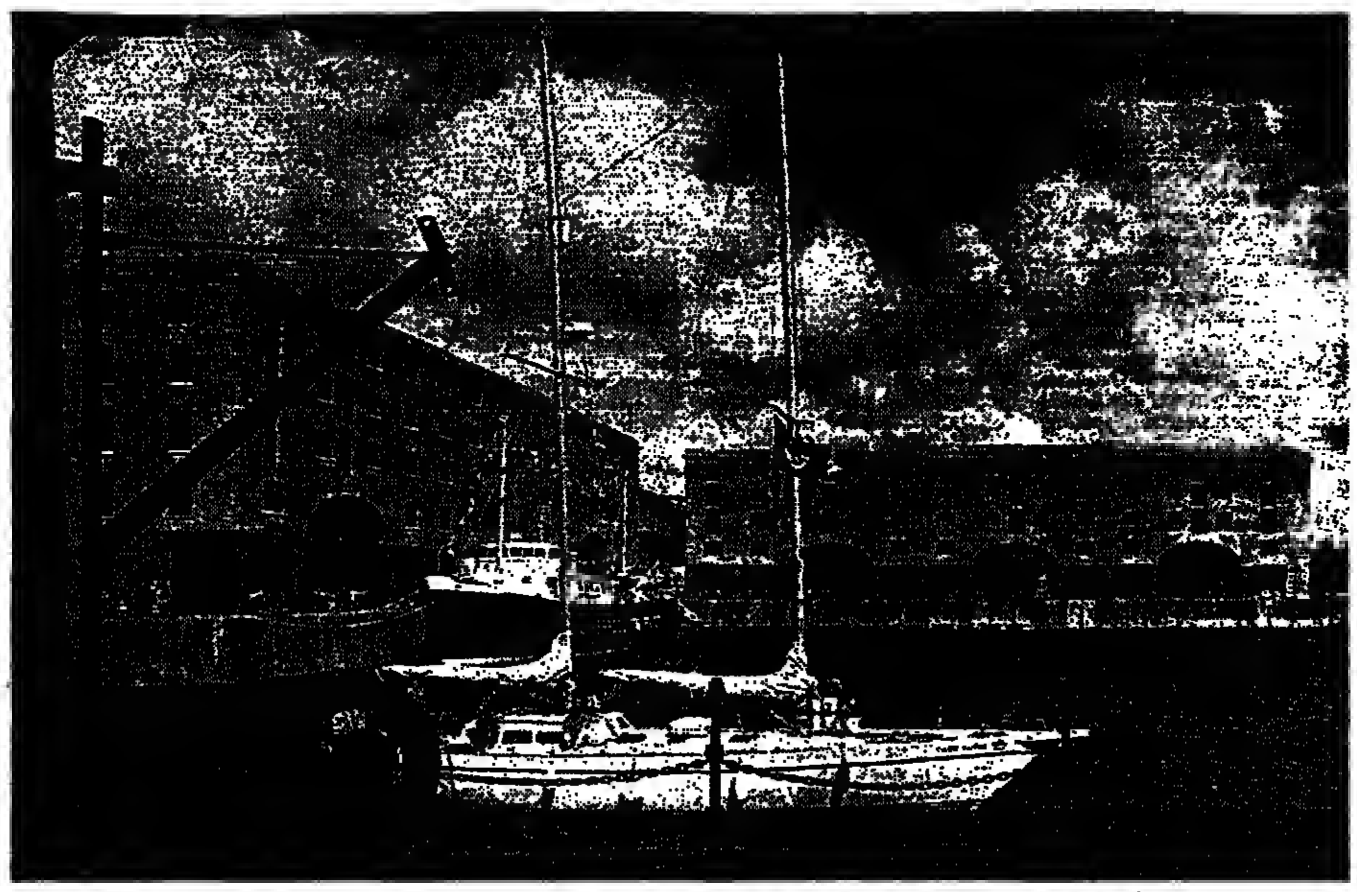
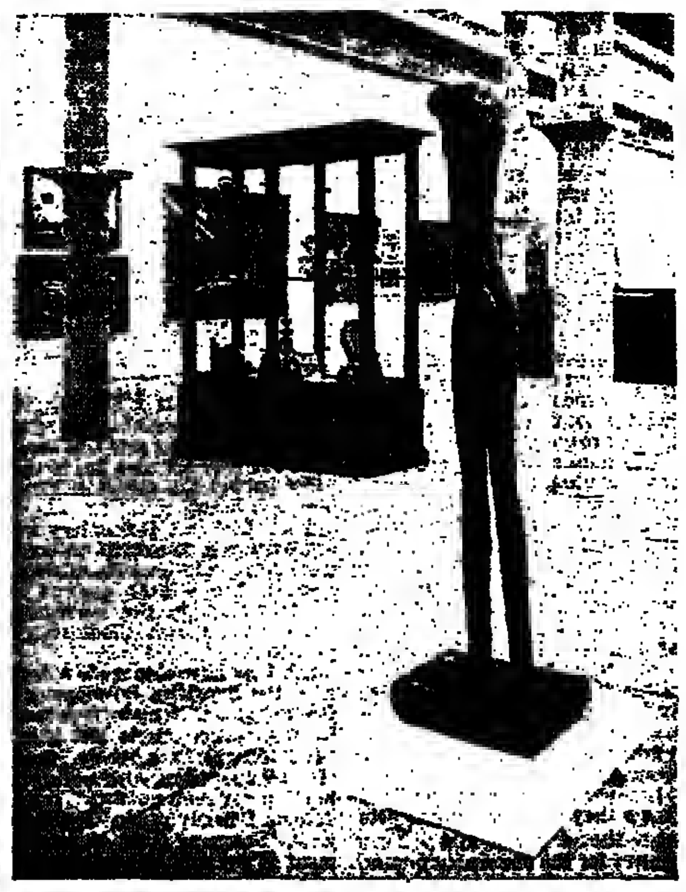
The British Museum, which, along with the National Gallery, has set its face resolutely against admission charges, thinks the future lies with the private sponsor rather than the overworked business sector, and is planning to launch later this year a new "friends" scheme which should improve its finances.

The Royal Armouries (at the Tower of London) is choosing yet another route-opening "outstation", such as Fort Nelson near Portsmouth, where it can show off exhibits which are at present under wraps — in this case artillery — and charge admissions. The National Museum of Wales has tried yet another possibility which earned it some criticism but deserves considered thought: loaning some of its treasures, at a price, to foreign museums.

Another area where Government economies are biting hard is in purchasing grants, which have been frozen since 1984. This means that the National Gallery, with £2.75m a year, cannot afford to buy even a half decent Old Master. The Tate, with just over £1.8m. a year, is even more hard pressed — and they are the most generously treated. Without new acquisitions a museum's stock soon looks stale and the curators become bored.

The Museums and Galleries Commission, which is now fighting more vigorously on behalf of all the museums and galleries in the UK, recently issued a report, the first for 60 years, on the 19 major museums. After highlighting the familiar problems, the report called on the Government to plug the "funding gap" which it has allowed to develop over the years and which it estimated at £20m.

Our leading museums are one of the glories of the UK and it would be criminal if pennypinching economies by the Government sent them on a decline from which it would be hard for them to recover. The Government justifies the scandal of frozen purchasing grants by saying that it is spending more on shoring up the buildings.

A view of Liverpool's Albert Dock and the Tate of the North, outside and inside

The master builders

Colin Amery looks at the people behind the new developments

IN ENGLAND, the museum building boom started relatively late. Scotland took the lead by opening the new home for the Burrell Collection outside Glasgow in the early eighties. In London, the plan to build a new wing on the site to the west of the National Gallery ran into trouble as the Scots were celebrating their triumph.

Michael Heseltine, as Minister of the Environment, proposed that private business should be allowed to build offices on the site in Trafalgar Square with the new art galleries on top paid for by the development. This approach was doomed and the Prince of Wales delivered the *coup de grace* by describing the new scheme as "a carbuncle on the face of an elegant and well loved friend." Only the arrival of the generous Sainsbury gift to the National Gallery of a new building saved the day.

The parsimonious approach of a government committed to cutting public spending explains why the UK has lagged behind Europe and America in the provision of new buildings for the arts. It is illuminating to compare London with a city like Frankfurt which has four major new museums on its riverside.

Things are changing in England as museums and galleries are forced to realise that only hefty injections of funds from sponsorship and private donors will enable them to grow. It has been a difficult period of transition combined with the Government policy of extricating the museum buildings themselves from the clutches of the Government Property Services Agency.

The PSA has been responsible for both the day-to-day maintenance of the conglomerations of largely 19th century buildings that house the national collections — and for any new extensions or alterations that have been erected. All this is now changing and the trustees of all the major collections, including the newly formed group in the northwest, the National Museums and Galleries of Merseyside, are now directly responsible for running and repairing their own buildings.

This has meant an explosion of private contractors working for museums and most major museums have appointed house architects to look at their structures and to prepare master plans for growth and maintenance.

What is not generally realised is that the departure of the PSA has revealed what is politely called "delayed maintenence." This is on a monumental scale at the Victoria and Albert and the National Gallery will certainly have to find more than £30m to repair and improve its neglected building. The departure of the PSA also brings the problems of security and fire safety which had previously been covered by forms of State immunity.

It is heartening to see that there are now major new buildings either planned or recently completed at the National Gallery, the Tate Gallery, the National Portrait Gallery, and the Imperial War Museum. The Tate has just opened a Tate of the North in the restored and converted Albert Dock in Liverpool.

The Sainsbury Wing of the National Gallery in Trafalgar Square promises to be one of the best of the new museum buildings. The donation of an entire building devoted to the display of the gallery's Early Renaissance Collection, with lecture theatre, shop, restaurant and large galleries for temporary exhibitions, will transform the National Gallery.

The architect was chosen after a long selection process, the choice of Robert Venturi from America has been well received and his design is an harmonious addition to Trafalgar Square.

The neighbouring National Portrait Gallery is not so far advanced but it has acquired a site in Leicester Square and is discussing the kind of architecture it wants. The artistic value of the Portrait Gallery's collection is not in the same league as the National Gallery and the display of a collection devoted to national heroes is a difficult problem.

The Tate Gallery is the national collection of modern and British art and it has shown already how it sees its own future. The completion of the privately funded Clore Wing to display, at last, the Turner Bequest, showed the first of a series of buildings planned for the Tate by the architects James Stirling Michael Wilford and Partners.

This firm has prepared a great plan for the development of the old military hospital site that adjoins the Tate: a Museum of Modern Sculpture with an open air sculpture court, "the New Art Museum," a major archive library and study centre and — eventually — a Museum of Twentieth Century Art.

These plans will all have to be funded from the private sector, in parallel with the development of plans for the new buildings, the Tate Gallery itself will be renovated and replanned by architects Colquhoun, Miller and Partners which was responsible for the successful enlargement of London's Whitechapel Art Gallery.

·WEEKEND FT REPORT·

When the Skye's the limit

THE DISTINCTION between independent and local authority museums used to be obvious at a glance. The independent was the one with a shop as big as the exhibition space and toilets, and which avoided the word "museum" at all costs.

The council genus came in two species: the first made you feel as if you were intruding on someone's private compulsion, stuff crammed into inadequate space and left like Miss Haversham's wedding breakfast; the second was a didactic display with all the charm of annual road accident statistics.

Two things have happened to blur the distinctions, with the independent sector easily the biggest and the most successful now and the local authority one the fastest growing.

The museum-going population has exploded to numbers undreamed of in the struggling days of the early of independents like Ironbridge and Beaulieu. There were more than 70 m visits to Britain's museums in 1986, presenting an audience which wants entertainment and knows what it does and does not like. Local authorities do not have the resources themselves to meet the kind of amenity demanded, but are well aware of the potential of a good museum for their town's economy.

Independents have realised that if they are going to compete with theme parks and leisure centres for the discerning punter, there has to be some weight and purpose to their brand of "go-to".

"Local authorities are recognising that heritage is actually one of the elements of urban regeneration, job creation and so on" said Dr Neil Cossens, who has worked for both the local authority and the independent sort, now runs the Science Museum but remains president of the Association of Independent Museums.

"The Wigan Pier project has changed the whole concept of local museums: it has put the place on the map, shown that there is some basis for cultural activity, and improved the environment so that it tempts managers and industry in the area."

It is hard to believe that Wigan Pier Heritage Centre has only been going for three years and is run by the borough's Leisure Department, not some whizz-bang entrepreneur. And Beamish Museum near Newcastle has established itself as a template for others - winning both Museum of the Year and European Museum of the Year Awards in 1986 and 1987 in the process - while being funded by eight different local authorities.

Only two years ago the Jorvik Viking Centre erupted in York and presented another new feature: the museum without objects.

Jorvik begat Heritage Projects, a private company which begat Oxford Story, Canterbury Pilgrims and Edinburgh's Scotch

Simon Tait reports happenings on the long road from Wigan Pier

Whisky Centre, all new this summer, but they are also beavering away behind the scenes helping others to beget.

They have set themselves up as advisors to museums on both marketing and merchandising, and in the winter opened a generic shop in the Museums Association's own Bloomsbury premises.

But they have also made a deal with the Mountlea Development Organisation, which reported £25m post tax profits last year. "The idea is to combine inner city regeneration with cultural heritage developments" said Juliana Delaney of Heritage Projects. "Shopping is an entertainment in its own right now, and what better way to be entertained than to be educated as well?"

But this symbiosis which would have been an anathema to local museum curators a decade ago is manifest in humbler forms.

The Museum of Richmond began as the dream of a local history group in the Thameside Surrey borough. Richmond's old town hall was to be restored so the group called on the council and the project became a joint venture.

The deal was that the council would provide the accommodation, heating, lighting and cleaning for £1 a year, and pay the salaries of a curator and assistant after the museum had been opened two years. The Museum of Richmond Company has to find £120,000 from local businesses like Mills & Boon and Richmond Gate Hotels, and run the museum which will open in September.

Meanwhile the young curator, Kate Thaxter, is paid for out of a local endowment which will last two years, and she is collecting like mad for the show which will include dioramas, screens, models, beguiling lighting, all the ploys of the successful independents designed by a professional who happens to live locally.

"We could have settled for something much cheaper just to have shown the objects, but that wasn't what we wanted to do" said chairman and retired diplomat John Cloake, who is still £30,000 short of his target. "We wanted to show these things in an intelligent way which the public would enjoy and appreciate."

Jonathan Bryant is the Scottish representative of the Association of Independent Museums. He sees co-operation working in extraordinary ways in parts of his fiefdom, such as on the Isle of Skye.

The island authority has no museums of its own but it has a museum officer, whose job is to provide advice and occasionally practical help to the likes of Dugald Ross, crofter and curator Cnoc An T-Sithein Museum at Ellishadder, an agricultural museum which is closed during the winter so the hay can be kept in it.

"The tiniest, remotest museum will get support from local authorities or bodies like the Scottish Development Agency because it acts as a focal point which people will make for, no matter how long the journey, and visitors will stay at hotels, enjoy the scenery and so on on the way. Independent museums are an important strategic component of the tourism economy in Scotland.", Bryant says.

His own project has become something of a lodestone to Scotland's heritage industry. He is chief executive of the Dundee Heritage Trust whose £1m project centred on the city's waterfront is to restore captain Scott's Discovery, now almost complete, establish a heritage centre which will reveal the city of jute, jam and journalism to the tourists, and create a working museum of the area's textile industry.

This, again, is hand-in-glove with the council and the SDA, financed from local business interests and private contributions, and is another enterprise which started with local people pressuring the authorities to do something.

"Local government is alright on local art and history, but they have no experience of industrial museums. So they look to the independent sector which has." This year the trust will spend £400,000, £125,000 of which will be from public authorities.

"What independent in independent museums" said Dr Cossons "was a spontaneous reflection of new disposable means and disposable leisure. They saw the opportunity and exploited it. Local authorities are realising that the potential is there for them too, and the good ones are using it. The old style local museums will have to move with the times." end

Captain Scott's Discovery – from the Antarctic via the Thames to Dundee.

Susan Moore on why small may not necessarily be so beautiful

Mating season for dealers

ONE OF the leading English furniture dealers, Mallett, has just announced its acquisition of Christopher Wood, the Motcomb Street dealers specialising in Victorian and Edwardian paintings and drawings. Both companies had been looking for some time for ways of expanding their business.

Peter Dixon of Mallet – which owns prime galleries in Bond Street and at Bourdon House – sees pictures as a natural extension of the firm's business. People want total furnishing (upmarket supermarkets?), he explained. For Christopher Wood, the deal brings financial resources to enable the gallery – which will remain an independent business – to diversify into the bullish British Impressionist market and new areas of 19th century British painting.

Although probably the first take-over of its kind, the move is symptomatic of the developments taking place at the top end of the London art market.

It also sounds another knell for the death of the small, specialist and invariably undercapitalised dealer. In the past year, watercolour dealer Andrew Wyld and print man Christopher Drake were among those to relinguish their independence, in this case to join the much larger concern at Agnew's.

It is no longer enough for a dealer to have enthusiasm, knowledge and an ability to match a work of art to a client.

Ten years ago, the public were more likely to have approached a dealer to sell a work of art. Today, no doubt influenced by the fantastic prices recorded at auction, the immediate reaction is to turn to the salerooms. The auction houses have strengthened their hand further by promoting a variety of client services as well as their wares.

Their publicity, promotion and exposure of Impressionist – and in the US – contemporary works of art, have long made them big business. Inevitably, the cameras would pan across to ever more unlikely pastures (and nothing appears to be too *recherche*). New markets have been created – Scandinavian and Modern British and Russian in the last few years alone – and old markets, such as Old Masters, have been transformed.

With fewer high quality works of art coming on the market and prices soaring in virtually every field (consequently involving larger sums tied up in stock), dealers are searching to find new formulas for selling works of art. A few years ago the trend was for small businesses. Now there is amalgamation and diversification.

January saw the potentially formidable merger of the long established and respected dealers Hazlitt, Gooden & Fox (19th century French paintings) with Hobhouse (Anglo-Indian and Company pictures, and decorative drawings) and Morton Morris (British and Old Master paintings and drawings).

Their amalgamation brings together three strong companies, a variety of expertise, and substantial financial resources. It also brings under Hazlitt's aegis framemakers Arnold Wiggins & Sons, providing clients with additional reframing and rehanging services. All four companies will continue to trade under their own names.

The same pooling of resources and experience characterises the St James's Art Group, the latest auction-house renegades to set up as dealers. David Bathurst (Impressionists), Phillip Hook (19th century) and Henry Wyndham (British pictures), all former Christie's experts, will be trading independently under the umbrella company. They are due to sign the lease on Jermyn Street premises this week.

Operating as a group, the three dealers are likely, according to Phillip Hook, to be "more successful than the sum of our parts".

Diversification is also the product of limited supply. Richard Hearner, who with Franco Zangrilli (both ex-Colnaghi) took over the Heim Gallery two years ago, claims that it is now impossible to be a total specialist in the Old Masters field today. "You cannot run a West End gallery on the volume of trade produced by dealing in Renaissance paintings."

Under its new management the gallery has diversified from its traditional focus on Italian paintings and sculpture to include Dutch and Flemish Old Masters, French 19th century painting and British pictures.

This shift of emphasis is widespread, blurring traditional distinctions. More and more established Old Master galleries are becoming less purveyors of Old Masters than simply of Master paintings and drawings. (Agnew's - and Spink's in its different fields - diversified long ago.) And when the new Walpole Gallery opened its doors for its inaugural exhibition in April – the most impressive dealer's show seen in London for many years – the predominantly Italian Renaissance pictures were supplemented by French and Italian 18th century paintings and sculpture.

Specialist dealers can and do thrive, providing there is sufficient financial muscle to flex. For most dealers, however, success depends on adaptability and ideas. Harari & Johns (this time ex-Sotheby's) has established an impressive reputation as one of the leading – and brightest – Old Master dealers in only six years of trading.

The firm has not chosen to amalgamate or diversify into new markets, but it has been searching out new marketplaces. A number of important collectors in the blossoming Spanish market have been buttonholed, and an exhibition held in the gallery last year, of drawings owned by Munich dealer Katrin Kraus, was staged to introduce German collectors to the gallery.

Following the leads of the auction houses, and contemporary dealers such as Waddington and Annely Juda Fine Art, the firm is also looking East. Its wares, which went on show at a leading Japanese gallery last week, are not Impressionists but 18th century French paintings. Will European Masters prove as successful as Van Goghs, Picassos and Henry Moores?

Among the Vikings at York's great showpiece in Coppergate

William Packer gives an art critic's view on where to buy

Have taste, will travel

WHEN IT comes to buying contemporary art, the field is so wide and the choice so vast that any advice can only be partial and arbitrary. So much depends on what you want, what you think you want, what you don't yet know you want, what you really want - imponderables all.

And there is the great physical commitment to consider. The galleries and dealers active in the related disciplines of painting, sculpture, prints, drawings, photography, fine crafts and design, run already into the several hundreds in London alone, and more join them every day.

You must be prepared to travel, not just from Hackney to Chiswick to Highgate to Balham, but right out into the sticks. Wales, Scotland and all the great provincial centres grow increasingly active. And there are the art schools, which this month put up their graduate shows for public display.

The details of these openings are to be had by nothing more than a telephone call. All are worth a visit for the real prospect of spotting emergent talent.

Over the past two decades, whole communities of artists have moved into redundant factories and workshops, and these are opened to the public from time to time. Direct inquiry is usually enough to get you on the mailing list events and few artists resist any serious individual interest in their work.

The art magazines carry a great deal of this information and are well worth monitoring. *Art Line, Artists' Newsletter, Art Monthly, Arts Review,* and *Galleries* are the most useful titles, with *Galleries* having the added advantage of excellent local maps (its latest issue carries an Art School Degree Show supplement). All are generally available in galleries. There are also two useful list and map broadsheets to look out for, both of them self-explanatory – *London: New Exhibitions* and a new arrival, *East London Arts.*

A few rules are worth following:

■ Have some general idea of the kind of work you find most interesting, if only to cut down considerably on the initial legwork.

■ Spend a few months visiting as many galleries and exhibitions as you can, comparing prices and getting the feel of things before plunging in.

■ Set a limit on what you are prepared to spend, and having drawn your line, be ready to cross it. If you love the work enough, buy it if you possibly can – and remember that dealers are indeed dealers, and may be happy to come to terms. There is no harm in asking.

■ Never buy anything simply to go with the curtains, or decide against it because of the wallpaper or because you don't likethe frame. Such things can always be changed.

■ Do not be put off by size, for big pictures can look splendid on the smallest wall.

■ Always buy for pleasure, never for investment, and take comfort in the common experience that the more cultivated your eye, the *less likely it is to* let you down.

Artists and dealers have their living to make, but prices in Britain in general are set far lower, taking like with like, than anywhere abroad. For prints and the crafts, prices start from £30 to £80 and go as high as you like. For drawings and works on paper, the reasonable threshold is between £120 to £150, for oil paintings on board or canvas anything from £250 to £400. And of course they can all go as high as reputation allows and the market can bear.

Some artists with established international reputations may now command six figures, and five figures are not uncommon even for some of our younger high-fliers. But most work will find its level somewhere under £5000, much of it under £1500, even for the largest paintings. You must always bear in mind that the material cost of sculpture and some crafts can be substantial, even before the artist reckons his own contribution or the gallery takes its cut. Prices will naturally be higher in Mayfair galleries than elsewhere.

Galleries do specialise, but few with any absolute rigidity. Many deal not only in the work of living artists, but in what is known as Modern British Art, roughly speaking work dating from the 1880s up to about 1960, by which point the useful distinction between the living and the dead has rather fallen away. Prices for Modern British start in the low hundreds and go through the roof, with rather fewer bargains than there were.

Leaving aside the larger dealers, good galleries mixing Modern and Contemporary include the Mercury, the Piccadilly and Browse, Darby, all in Cork Street; the Albemarle in Albemarle Street; Gillian Jason in Inverness Street, Camden Town; Michael Parkin, Christopher Hull and Sally Hunter, all in Motcomb Street, Belgravia; the New Art Centre in Sloane Street and the New Grafton Gallery in Barnes.

Of the myriad galleries dealing exclusively in contemporary art, my recommendation is no less arbitrary and unfair, but a visit to almost any of them will uncover friendly rivals nearby. In Mayfair there are Anne Berthoud in Clifford Street; Edward Totah in Old Burlington Street; Nicola Jacobs, Odette Gilbert and Salama-Caro in Cork Street; Gallery 10 in Grosvenor Street; and Benjamin Rhodes in New Burlington Place. Further afield, there are David Paton in Langley Court, off Long Acre; Angela Flowers in Tottenham Mews; the Curwen and Rabecca Hossak in Tottenham Street; Birch Conran in Greek Street; Francis Graham-Dixon in Great Sutton Street, EC1, and Anthony Reynolds in Cowper Street, EC2; Pomeroy Purdy in Jacob Street Studios, Mill Street, Southwark; the Boundary Gallery in Boundary Road, NW8; the Thackeray Gallery, in Thackeray Street, W8; Stephen Bartley in Old Church Street, Chelsea; the Montpelier Studio in Montpelier Street, SW7; Cadogan Contemporary in Draycott Avenue; the Drian Gallery in Porchester Place and Louise Hallett in Junction Mews.

Then there are all the Portobello galleries, such as Vanessa Devereux in Blenheim Crescent and the Todd, the Creaser and Sue Williams on the Portobello Road itself.

Farming's great year, a guide reviewed by Alan Forrest

Rural life treasured

THE 1988 edition of that excellent guide, Museums and Galleries in Great Britain and Ireland, shows what a lot of things are happening a long way from Bloomsbury and Kensington. It presents Roy Brigden of Reading University's Museum of English Rural Life writing a special article on next year's great celebration of British food and farming.

This "co-ordination of special events and transactions" will mark the 150th anniversary of the founding of the Royal Agricultural Society and it should be a great year for those fascinating rural museums which are often neglected by people who throng the inner-city museums.

Things have moved so fast, Brigden says, that already a real festival of food and farming has developed. Museum displays and tributes to the farmer and food producer's way of life will link with the big agricultural shows and lovers of rural Britain already see the anniversary year as an opportunity to re-establish the vital role of the countryside.

Brigden says it will raise important questions about the whole future of our countryside, "what level of support, both financial and moral, society at large is prepared to make over for the sympathetic maintenance of the countryside in an environmentally sensitive manner."

His report is essential reading for anyone wanting to get away from tower blocks and petrol fumes and take a break to look at what is left of the legacy of rural England. Brigden does recommend some city museums, but they are special cases – like the Colman's Mustard Museum at Norwich and the Robert Opie collection of packaging and advertising in Gloucester – "havens of fun and enjoyment with a measure of nostalgia."

For those wanting to discover a real regional identity, try the Welsh Folk Museum in Cardiff and the Ulster Folk Museum in County Down, the Staffordshire County Museum, with its 200-head of livestock, and Eaton Farm Park in Suffolk which combines ornamental farm buildings with a modern milking plant, a dairy herd and a viewing gallery for visitors.

But one of the jewels in the celebration year's crown is at the Weald and Downland Museum near Chichester, West Sussex. "A medieval farmhouse from Kent which moved on to the museum site some years ago has is now to form the basis of a reconstructed 16th century farmstead, complete with outbuildings, replica farm equipment and animals that, as far as possible, resemble their counterparts of the period."

The guide does not neglect other aspects of the museums and galleries world, including news about the Heritage Education Trust and a special section on antique fairs, or to give them another name – "touchable museums."

There is also a comprehensive list to exhibitions around the country, everything from the *Armada at the National* Maritime Museum and The Greeks in Southern Italy to the Greater Manchester Story, the Australian Bicentennial show at Portsmouth's Square Tower and even Yorkshire's Monastic Heritage.

The guide is published by British *Leisure Publications of* Windsor Court, East Grinstead House, East Grinstead, West Sussex at £2.95.

War and peace, guns and drums: Alan Forrest reports on why military museums still draw the crowds

Still keeping well in step with the times

"NOW THAT'S an interesting item," my guide at London's *National Army Museum said.* "It's the very saw that amputated an earl's leg at the Battle of Waterloo. Very popular with the *school parties. They're quite* enthusiastic about our skeleton of Napoleon's horse, too."

Little moments like this make one wonder why museums about war are so popular. You can appreciate full-blooded school kids enjoying the more grisly exhibits, but that is far from the whole story. Any good museum of this kind, and the Army Museum is better than most, shows the visitor as much about what Wilfred Owen called "the pity of war" as the guns, scarlet coats and doubtful glamour.

You get an idea of the variety of these museums when you read the special list given in the museums and galleries guide book reviewed elsewhere in these pages. The list even includes a museum of the Army Physical Training Corps at Aldershot and one devoted to the Royal Corps of *Military Police at Chichester in* Sussex.

As Julian Humphrys of the National Army Museum says, the *customers come from a wide* range – school parties naturally, for apart from the attraction of guns and hats and surgical saws these visits provide a good aid to grappling with those tiresome exams. And ex-service people turn up in their thousands. But a newer breed of visitor is turning up in greater numbers at the Army Museum: Indian and Pakistani immigrants and their families *inspecting the excellent* sections on the Army in India in the days of the Raj.

A couple of hundred miles away from London there is even a services museum which has droves of cricket fans among its pilgrims, the Green Howards regimental museum in the little town of *Richmond in* north Yorkshire's Swaledale. It has a section devoted to Hedley Verity, arguably the best English slow bowler *in the history of the game,* whose career was cut tragically short when he was killed in Italy in World War Two while serving as a captain in the Green Howards.

But back to Chelsea and the National Army Museum. It started off at the Royal Military Academy, Sandhurst, but moved in 1971 to its present purpose-built home next door to Christopher Wren's Royal Hospital. "It's a great challenge," a museum *man told me, "living next door* to a piece of living history," as we watched the Chelsea Pensioners basking in the sun and mingling with the Chelsea Flower Show crowds. And the museum authorities do not forget the Pensioners – at some of the museum's special occasion they are honoured guests.

The Army Museum has even bigger ambitions. At the beginning of the year it appointed a *new director, Ian Robertson,* who is president of the Museums Association. Under his guidance the museum is being extended, a £1.5m scheme by public subscription. This will release a lot of the collection still housed at Sandhurst and which is available for viewing only by appointment. So they are looking for more private money and business sponsorship.

The entertainment world is an obvious potential source of help. Recently the cast of the revival of R.C. Sherriff's *Journey's End* spent a whole morning looking at the World War One memorabilia – *here you see Owen's "pity* of war" – even to the reproduction of the squalor of a Flanders trench, complete with dead rat. Great interest in the Indian Army section is being shown by the makers of the film version of John Masters' novel about the battle between the Raj and the Thugs, *The Deceivers.*

More special exhibitions are planned. The next one – starting *next Thursday, June 16 – is* called Follow the Drum and it is, of course, about the role of the drum in the history of the army. Director Robertson says: "For many people military history is about great campaigns or decisive battles. But there is much more to the subject and we are *glad to be able* to examine this colourful aspect of the social history of the British Army."

Colourful, yes. But I am glad to *se that the exhibition* leaflet does not conceal the darker side of the drum. "Less happily, a drumhead court martial could once have led to a soldier being drummed out to the music of the Rogua's March or to a savage flogging with a cat o' nine tails, a task performed by the drummers, using the suppleness of wrist acquired in hours of drumming."

North at Newcastle-upon-Tyne an even more ambitious extension to a military museum is being talked about. Richard Fothergill is the livewire director of Newcastle's Military Vehicles *Museum, a fine show of World* War Two transport and weapons. He has a plan for a huge new complex that would incorporate his present museum with a host of other attractions which he hopes will make it one of the north's most exciting tourist attractions

It will have 200 military vehicles (the present collection is smaller), cinema, exhibition hall and British restaurant. "The first floor," says Fothergill, "will tell the story of the defence of Northumbria from Roman times to the present day. Originally it was *to be to the end of World War* Two, but there would be added interest if we can obtain a redundant SS2 and/or a Cruise missile."

Is it all pie in the sky? Well, up to now the money hasn't been forthcoming. Fothergill thinks the start-up capital needed will be between £8m and £9m and is looking for friendly, generous multi-millionaires or a business organisation with a heart and bags of gold.

It is a project that has excited many people on Tyneside and shows that military museum have come a long way from dusty uniforms and rusty old guns.

Army Museum's Debbie Gerrard with an 1811 giant bass drum of the East Kent *Militia* ready for next week's exhibition.

WEEKEND FT

SPORT

Soccer/Philip Coggan

Hoddle the key to England's chances

FOR THE FIRST time since the Mexico World Cup in 1970, England have a genuine chance of winning an international soccer competition.

In the past, England's hopes have been higher than their talents. But the European championship, which began with yesterday's game between West Germany and Italy, could plausibly be won by any one of the eight teams taking part, so evenly matched are they.

One should not be over-optimistic. England may not find it easy to qualify from their group, but at least they enter the tournament with several players of the highest class.

Although world attention will be focussed oo the dashing dreadlocks of Holland's Ruud Gullit, European defenders will be dreading the prospect of facing Gary Lineker's renowned acceleration and finishing skills. And those who have seen Liverpool play this season may be rather anxious about the combination of Peter Beardsley and John Barnes.

The absence of Terry Butcher does make the English central defence look vulnerable. But an examination of England's record shows that the team have conceded remarkably few goals in receot seasons; opponents scored only one during the qualification games.

England's real problems will come in midfield where manager Bobby Robson appears to be edging towards a combination of Bryan Robson, Neil Webb and Chris Waddle, with John Barnes hovering between midfield and attack to give the side the 4-3-3 or 4-4-2 formation as required.

In other words, there is no place for Glenn Hoddle, a decision I find inexplicable. There is a case for playing Steve McMahon or Peter Reid to deny opponents space; that would take some of the pressure off Bryan Robson who otherwise would be expected to help the defence, make the telling passes to Lineker, and pop up in the opponents' penalty area – all at the same time.

Such a system would need one wide player (Waddle or Steven) to balance the midfield. Instead, we have Neil Webb – a promising young player, but one who has looked out of his depth in recent internationals – in one of the central midfield positions. He is neither as strong a tackler as McMahon nor as creative as Hoddle.

The normal criticism of Hoddle is that he can drift out of the game. But if that is the criterion, why pick Waddle? He often looks so detached from the match that one is surprised he remembers to change ends at half-time.

Recently, Bobby Robson has brought on Hoddle for the last 10-15 minotes after his first choices have failed. That is the wrong way to treat the one England player who can unlock

'He is the one man who can unlock defences with a single pass'

defences with a single pass. Tournaments are won by genius, not competence.

On television last Wednesday, Johann Cruyff, the great Dutch player who now manages Barcelona, pointed out how vital it was for Hoddle to be part of the team. One can only hope Bobby Robson was watching. For if he is too timid in his selection, England may find themselves in the same predicament they faced in the last World Cup.

Then, they were forced to change their team half-way through the tournament because of early failures. And the Republic of Ireland will pose a much sterner test tomorrow than most people think – teams do not go unbeaten throngh 10 international matches if they are complete no-hopers.

England could easily draw with Ireland and lose to Holland in their first two games, leaving them requiring a substantial victory in their third game, against the Soviet Union, to get through the first stage. Assuming they sncceed, which of the other teams will join them in the semi-finals?

The West Germans started the tournament last night as firm favourites, partly because of their achievement in reaching the last World Cup final and partly because they have home advantage. Germany thrashed England 3-1 last year and are probably in the weaker of the two groups; they look immensely strong candidates to reach the final.

However, the bookmakers' odds of 13-8 against are not very generous. The Germans' recent performances have been unimpressive (they could only draw 1-1 with Yugoslavia at home) and there is a question mark over the fitness of their star striker, Rudi Voeller.

Of the three other teams in Germany's group, Denmark are seen generally as being on the downhill slope after their exciting, if eventually unsuccessful, performance in the World Cup. Their star forward, Michael Laudrup, seems to have lost his spark while playing for Juventus and some of their old players, like 38-year old captain Morten Olsen, are over the hill.

Spain, similarly, seem to be past their best with even Butragueno, the forward nicknamed "the Vulture," finding it difficult to score. Given the weaknesses in their defence – Lineker put four past them in Madrid last year – they look unlikely to make the second stage.

Italy are an unknown quantity. They lost to Wales last week and their manager, Ezeglio Vicini, has said that his real target is the 1990 World Cup. But the youngsters who have been grafted onto a core of such veterans as Baresi and Altobelli include the highly-rated young striker Gianinca Vialli. Italy have probably the best chance of qualifying, with West Germany, from this group.

Holland must surely make the semi-finals from England's group, and I think they will win the tournament. They drew 2-2 with England at Wembley – despite Gullit playing for only two-thirds of the game – and they have class players at the back in Rijkaard and Koeman, as well as van Basten and Bosman at the front.

Gullit is not only an outstanding player but also appears to be an inspiring leader. While he is leading them Holland will ooze confidence, and that should allow them to play the attacking game that is their best hope of winning the championship. At 5-1 against, they are a good bet.

The odds of crowd tronble must, sadly, be rather shorter. "Invasion of Germany" tee-shirts have been selling for some time now in London and it has been all too easy for England's least desirable export – the beer-swilling yob – to make his way abroad.

The depressing thought is that there are Dutch yobs and Italian yobs just as unpleasant as the English. We can only hope that the West German police live up to their reputation for formidable efficiency as they look certain to be tested rigorously.

Any trouble and England probably will be banned from future international competitions. If the trouble is severe, the tournaments themselves could be in jeopardy, for which country in its right mind would want to invite a repeat of Heysel?

Bobby Robson . . . treating Hoddle the wrong way

Cricket/Teresa McLean

Just ordinary players

TEST MATCHES against the West Indies always have an air of special excitement about them. Australia are the old enemy but the West Indies are the exhilarating ones, revelling in their reputation for hrilliant, volatile cricket. Last time the West Indies were here tbey massacred England, leaving them to reflect miserably on the shadow this Caribbean panache had cast over their game.

In fact, while it was monotonons watching non-stop pace bowling, it was oot dull; it would physically be impossible to make a dull attack out of Roberts, Holding, Croft, Garner, Daniels and Marshall.

Marshall is still with us this series, flattening English morale the same way he raises that of the West Indians. What he has lost in speed since 1984, he has gained in enterprise. His delivery moves both ways, in the air and off the seam, and he varies his pace between fast and, every so often, blisteringly, terrifyingly fast, as in the old days.

The ball tbat bowled Derek Pringle in the first Test last Friday morning was nnplayable, swerving wildly in the air before shooting off the seam to smash the stump. There was a gasp of astonishment before the crowd applauded, telling each other that this was what they had come to see. Most of them hoped England would win but they wanted some good, ferocious excitement along the way.

That is why the one-day games were a disappointment. It was good to see England win, and it must have done wonders for their team spirit but, somehow, it didn't seem real. It was too easy. Not enough drama.

In a way, that added to the sense of anticipation at Trent Bridge. Vengeance for the one-day defeats was bound to come and most of the discussion was about whether it would be more fun to see it inflicted on England by Richards with the bat, or by Marshall with the ball. Then there was the back-up battalion, Hooper with the bat and Ambrose with the ball, unknown quantities in Test matches but, by repute, ominously well qualified to keep up their side's sequence of 11 victories in 11 games against England.

The English team seemed to have let something of the crowd's resignation in the face of defeat infiltrate their game, although at 125-0 it looked as if they might at last be getting over that. Gooch and Broad opened in heroic manner, putting the horrors of their last series against the West Indies behind them; 120 runs later England were all out, their batting losing conviction with every wicket that went down while Marshall and Ambrose refuelled themselves on their successes as they went along.

Only Gooch and Pringle seemed to hava skins thick enough to treat the West Indies like every other team and play their bowling on its merit. The rest of the team were either overwhelmed by battle-scarred memories of the past or fell straight into the role of nervous novices

John Emburey has been named captain of England for the second Test against the West Indies at Lord's, following Thursday's sacking of Mike Gatting for "irresponsibility" in inviting a female to his hotel room during the first Test, at Trent Bridge. Emburey, Gatting's vice-captain at Middlesex, has led England before, though not in Tests, writes Michael Thompson-Noel. Test Board chief executive Alan Smith suggested yesterday that England's cricketers would face an even tougher code of conduct because of the Gatting affair.

Richards thrived on this state of affairs, and his batting on Saturday was a dazzling display of his certainty that the bowling and fielding were asking to be destroyed. The fact that he played as many faulty shots as good ones, and that he batted impatiently, impetuously and erratically, helped to prove his point that he might as well enjoy things and inject a bit of danger.

At the other end Hooper played a cool, classy innings so that Richards felt free to play uninhibitedly, blasting poor Emburey out of the attack when the mood took him and playing offhand excuses for shots when he got tired of concentrating.

England responded with the half-hearted fielding of a side that doesn't believe in itself. Pringle had changed his usual grey socks for a pair of red ones, but that was the only lively thing about him in the field. He bowls like a good county medium-pacer – which, I suppose, can be expected as that is what he is – but he generated no extra Test match voltage at all and lumbered around in the outfield like a dead animal. Broad gave the impression that chasing or picking up the ball were out of the question for one who had a blow-dry hairstyle to look after; and that he was there to bat, not charge about.

This feeble performance was made worse by the new enemy that is trying to play its part in every modern Test match in this country: the combined forces of weather and power-mad umpires. England and the West Indies are the official enemies for this series but both of them have to contend with this new factor, which helps reduce play to a minimum.

On the Saturday, it helped to annoy the crowd and fragment England's already-faltering concentration. It meant that those spectators brave or mad enough to come back for more on Monday or Tuesday were advised in advance as to the probability of defeat and interrupted play, indicating a draw and two full days' play to be an unlikely, if delicious, possibility. Victory for England was, of course, out of the question.

Instead of having an early lunch while it was raining, the teams had lunch at the usual time and we lost an hour's play we need not have lost. The loudspeaker announced that the outfield was damp and that the ground staff were working hard. A brass band assembled itself outside the pavilion and entertained the victims of the rain and of Dicky Bird's perfectionist fussiness about conditions.

In fact, the rains suited England's mood and they saved the game with stout-hearted batting on Monday and Tuesday after being humiliated by Marshall's swashbuckling 72 and Ambrose's unconventional 43. It was no mean feat to see off defeat as they did, although the departure of Marshall with a rib injury at 2pm on Tuesday played as big a part in England's rescue operation as did the splendid efforts of Gooch and Gower.

A draw shonld enconrage England. What they need to do now is convince themselves that Marshall is an ordinary bowler and Richards an ordinary batsman, to be dealt with in everyday fashion.

FT CROSSWORD No.6,653

SET BY GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 22, marked Crossword 6,653 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday June 25.

ACROSS

1 Capital investment for a teacher? (6-5)
7 Frank, 28, leaves prison (3)
9 They smell good! (5)
10 Object about Brown intruding (9)
11 Faust sell-out is just perfect (9)
12 Utter, turning, "time to break out" (5)
13 Discard both ends of pulley when disconnected (7)
15 Left on ring road, is missing (4)
18 Tackle age difference with redhead (4)
20 Name AA members I introduced showing pallid complexion (7)
23 Boat empty around midnight (5)
24 Facial hair ruins beds anyway (9)
26 Smaller than in the first Radio Times (9)
27 Love nest wrecked by attack (5)
28 Frank, omitting 7 across, cheated (3)
29 Needs tram to put into display (11)

DOWN

1 Chap with condition is in France, that's plain (8)
2 Banker finally secures form for savers (8)
3 When a group takes advantage (5)
4 Artillery unit stick to tyre repairing (7)
5 Look up after arranging a rose spray (7)
6 Could be sipped, say, for indigestion (9)
7 Hint about one top quality group (6)
8 Deny one ought to leave street (6)
14 First passenger tendered change, it's claimed (9)
16 In Asia many a little brother gets bee-lread (8)
17 Small container for collection during class (8)
19 Yellow upright must swivel right inside platform (7)
20 Sooo without free-standing fire-dog (7)
21 Soldier and sailor gets date wrong (6)
22 A Parisian in a bar nearby (6)
25 Advertise music centre to go in car somewhere (5)

Solution to Puzzle No.6,652

Solution and winners of Puzzle No.6,642

Mr Jeremy Armitage, Lesigny, France; Mr P.R. Bond, Eastleigh, Hampshire; Mrs M.M. Cuthbert, Cringleford, Norfolk; Mr E.A. Harding, Saltburn, Cleveland; Mr S.N.H. Logan, Bangor, N. Ireland.

TELEVISION AND RADIO

SATURDAY

Indicates programme in black and white

BBC1

8.25 am Roobarb. 8.30 The Family-Ness. 8.35 The Muppet Babies. 9.00 On the Waterfront. 10.40 Trooping the Colour from Horse Guards Parade. 12.12 pm Weather. 12.15 Grandstand including [illegible] International Rugby Union (New Zealand v Wales) [illegible]

BBC2

12.15 pm The Nelson Mandela Birthday Concert (Simultaneous broadcast with Radio 1). Lenny Henry introduces the gathering of top musicians and performers from around the world, who are paying tribute to Nelson Mandela, the imprisoned South African anti-apartheid leader, on his 70th birthday. 10.30 Newsview. 10.50 Tennis (Highlights of today's semi-finals of the Stella Artois Championship). 11.40-1.30 am Film: "Dance of the Vampires" with Jack MacGowran and Roman Polanski.

LONDON

6.00 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 Punky Brewster. 12.00 Wrestling. 1.00 pm News from ITN. 1.05 LWT News and Weather, followed by Saint and Greavsie. 1.35 International Rugby Union (New Zealand v Wales). 2.30 Film: "The Last Days of Patton" [illegible]

CHANNEL 4

[illegible]

S4C WALES

8.30 am Dispatches. 10.15 What the Papers Say. 10.30 A Gardener's Guide. 11.00 For What it's Worth. 11.30 Time to Remember: 1944. 12.00 Tesera Kinara. 12.30 pm The Making of Britain. 1.00 Feature Film: "The Adventures of Don Juan". 3.30 Racing from Sandown and York. 5.00 A Falconer's Tale. 6.00 Right To Reply. 6.30 Street Hockey. 7.00 The Triple Net. 7.35 Newyddion (World and national news). 7.20 Dal i Heu. 8.20 Minston. 9.05 Rygbi Rhyngwladol (Seland Newydd v Cymru). 9.40 Feature Film: "The Sea Shall Not Have Them" with Michael Redgrave and Dirk Bogarde. 11.30 After Dark.

IBA Regions as London except at the following times:

ANGLIA

1.00 pm Anglia News. 5.05 Anglia News, Sport and Weather.

CENTRAL

[illegible]

CHANNEL

11.30 am Terrahawks.

GRAMPIAN

[illegible]

GRANADA

11.30 am The Incredible Hulk. 11.35 pm Kojak followed by ITN News Headlines. 12.35 am "The Star Chamber" followed by ITN News Headlines.

HTV

11.30 am America's Top Ten. 1.25 am Sledge Hammer. 1.55 Meltdown.

HTV WALES

As HTV Except: 11.30 am-1.00 pm International Rugby Union: New Zealand v Wales - the Second Test Match. 1.35 America's Top Ten (As HTV West, 11.30 am). 2.00-2.30 Cover Story: David Hasselhoff.

SCOTTISH

[illegible]

TSW

11.27 am Gus Honeybun's Magic Birthdays. 11.30 The South West Week. 5.05 pm Newsport. 1.05 am Postscript.

TVS

11.30 am Terrahawks.

TYNE TEES

[illegible] "Remember Me" by Christina Rossetti. 1.10 Jobfinder.

YORKSHIRE

11.30 am Terrahawks. 11.05 pm Film: "Corridors of Blood" with Boris Karloff. 12.30 ITN News headlines followed by Sledgehammer. 2.30 Music Box.

RADIO

(Stereo on FM)

BBC RADIO 2

5.05 David Jacobs. 9.00 Sounds of the 60s with Simon Dee. 10.00 Michael Aspel. 12.00 Gerald Harper. 1.00 pm Pull the Other One! 1.30 Sport on 2: Cricket (Northamptonshire v the West Indies); Tennis (Stella Artois Championship at Queen's Club, and the Dow Chemical Classic at Edgbaston); Motor Racing (The Le Mans 24-hour race); Rugby League (First Test Match in the series between Australia and England in Sydney); Rugby Union (New Zealand v Wales in Auckland); Golf (Great Britain v Ireland in the Curtis Cup, and the Wang National Pro-Celebrity Tournament at Moor Park); Racing from York. 6.00 Do Bop She Bop. 6.30 Double Tops. 7.00 Three in a Row. 7.30 Radio 2 Festival of Music. 9.30 The Art of Hart. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.05 David Bellan presents 'Nightride'. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am Morning Concert. 8.00 News. 8.05 Sharon Robinson (cello) and Paul Coker (piano): Schmidt (Three Fantasy Pieces on Hungarian National Melodies), Brahms (Sonata No 2 Op 99). 9.15 The Week on 3. 9.30 Saturday Review. 1.00 pm News. 1.05 Taking Issue. 1.30 Liszt and the Piano: Kun Woo Paik plays the Hungarian Rhapsodies 3, 4 and 6 and Five Hungarian Folk Songs. 3.30 Joan Sutherland: Records of Massenet's opera 'Esclarmonde' with the soprano in the title role. 5.00 Jazz Record Requests with Charles Fox. 5.45 Critics' Forum. 6.35 Csaba Erdelyi (viola) plays sonatas by Brahms and Hindemith with Bernard Roberts (piano). 7.15 Rates of Wing and Paw. Colin Tudge discusses with John Krebs of Oxford University how biologists are borrowing economic theories about human consumer choice to understand the strategies of animals. 7.35 Strauss, Berlin Philharmonic Orchestra conducted by Lorin Maazel: Metamorphosen for 23 solo strings, and Symphonia Domestica. 9.00 Chikamatsu. Feature about the founder of the 18th Century Japanese Bunraku puppet theatre. 9.45 City of London Sinfonia with Malcolm Messiter (cor anglais): Walton (Sonata for strings), Donizetti (Concertino for cor anglais and orchestra), Schubert (Symphony No 3). 10.55 Bracknell Jazz Festival. Michael Brecker and his band recorded at last summer's festival. 12.00-12.05 am News.

BBC RADIO 4

7.00 am Today. 2.00 News. 9.05 Sport on 4 with Cliff Morgan. 9.30 Breakaway. 10.00 News; Loose Ends hosted by Ned Sherrin. 10.45 Trooping the Colour. 12.15 pm Eccentrics. 12.30 The News Quiz (s). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Consuming Passions. 2.47 Treasure Islands. 3.00 News; Ceremony of Innocence (s) Play by Lee Gallagher. 4.30 Science on 4. 5.00 On the Outside. 5.25 Week Ending. 5.50 Shipping Forecast. 6.00 Weather. 6.00 News, including Sports Roundup. 6.25 Citizens (s) Omnibus Edition. 7.10 Stop the Week. 7.45 Saturday Night Theatre (s). 9.15 Music in Mind (s). 2.05 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 The Saturday Feature: 'Where the Golden Apples Grow'. 10.45 Spanish Testament. 11.05 When Housewives Had the Choice?. 12.00-12.10 am News.

SUNDAY

Indicates programme in black and white

BBC1

8.55 am Play School. 9.15 Articles of Faith: The Early Church. 9.30 This is the Day. 10.00 Open University. 10.25 Business Matters. 10.50 A Life of Our Own. 11.15 When in Spain. 11.40 In the Know. 11.50 British Sign Language - A Beginner's Guide. 12.05 pm See Hear.

12.30 Farming. 12.50 Weather for Farmers. 1.00 This Week, Next Week. 2.00 EastEnders. 3.00 Film: "Son of Paleface" with Bob Hope. 4.30 Cartoon Double Bill. 4.45 The Living Planet: A Portrait of the Earth. 5.40 The Animals Roadshow. 6.15 News. 6.30 Praise Be.

7.00 1988 European football Championship: The Netherlands v USSR, plus England v Republic of Ireland, played at Stuttgart this afternoon. 9.15 News. 9.30 That's Life! 10.15 Everyman: 'Christians in an Atheist World'. 10.55 Having a Baby. 11.25 Canadian Grand Prix highlights. 12.00 Tennis (highlights of today's final of the Stella Artois Championships).

BBC2

11.05 pm Hawk of the Wilderness. 1.00 Cartoon. 1.30 Sunday Grandstand, including 1.35 Motor Racing and Motor Cycling (News from the Le Mans 24-hour race and on the Isle of Man the TT Races); 2.10 Tennis (Men's Final of the Stella Artois Championship); 4.30 Football (Highlights of this afternoon's match between England and the Republic of Ireland in the European Championship); 5.00 Cricket (The Refuge Assurance League from Ilford: Essex v Sussex).

6.00 The Money Programme. 7.15 Trooping the Colour (Recording of yesterday's military spectacle at London's Horse Guards Parade). 8.10 Theatre Night: "Strife" (John Galsworthy's play). 10.20 Bath Festival: Lester Bowie's Brass Fantasy. 11.20 Moviedrome. 11.22-1.30 am Film: "Fat City" with Stacy Keach and Jeff Bridges.

LONDON

6.00 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 The Adventures of Teddy Ruxpin. 10.00 Get Fresh Sunday. 10.30 The Campbells. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm LWT News and weather. 1.05 Police 5. 1.15 LWT Action. 1.20 Link. 1.35 The Smurfs. 2.00 European Football Championship: England v Republic of Ireland from Stuttgart. 4.30 International Rugby Union (Australia v England). 5.30 Jimmy's.

6.00 All Clued Up. 6.30 News from ITN. 6.35 LWT News. 6.40 Highway. 7.15 Family Fortunes. 7.45 Agatha Christie's Dead Man's Folly. 9.15 Hooperman. 9.45 News from ITN. 9.55 LWT Weather. 10.00 Les Girls. 10.30 Room at the Bottom. 11.00 What's New?. 12.00 Night Heat followed by ITN News Headlines. 1.00-3.00 am Night Network.

CHANNEL 4

9.25 am Tesera Kinara. 9.50 Settlers' Tales. 10.00 The World This Week. 11.00 Network 7. 1.00 pm Wired. 12.00 Lost in Space. 3.00 Film: "Frenchman's Creek" with Joan Fontaine and Arturo de Cordova. 5.05 Kangaroo Courting. 5.10 News Summary. 5.15 The Business Programme. 6.00 Rowing: The Leyland DAF Power Sprint.

7.00 Challenge to Sport. 7.15 The Storyteller. 7.45 Dance on 4: Trisha Brown 'Newark'. 8.20 People to People: A Peace of Her Mind. 9.30 Animal Traffic. 10.20 Film: "Saratoga" with Jean Harlow and Clark Gable. 12.00 am Cinema from Three Continents: "In Search of Famine" (with English subtitles).

S4C WALES

10.00 am The World This Week. 11.00 Network 7. 1.00 pm Fideo 9. 11.45 Feature Film: "Inherit the Wind". 4.10 Reid About the USSR. 5.15 The Business Programme. 10.00 Feature Film: "Mr Moto's Gamble" with Peter Lorre. 7.15 Deri Dep. 7.20 Newyddion. 7.30 Cais am Gan. 8.00 Mwynhau'r Pethe. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Hel Straeon. 9.30 Cerddorion Y Cwm. 10.30 Feature Film: "Blackmail". 12.05 am Feature Film: "In Search of Famine".

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 1.00 pm Link. 1.15 Emergency 999. 1.20 Anglia News. 1.25 Weather Trends. 1.35 Farming Diary Special. 6.35 Anglia News. 12.00 V.

CENTRAL

9.25 am Cartoon Time. 1.00 pm Central News followed by Central Post. 1.15 Link. 1.30 Here and Now. 6.35 Central News. 12.05 am Prisoner: Cell Block H followed by ITN News Headlines. 1.00 Donahue.

CHANNEL

9.25 am Today's Weather. 9.25 Starting Point. 1.00 pm Link. 1.15 Les Francais Chez-Vous. 1.30 Farm Focus. 12.00 Quincy.

GRAMPIAN

9.25 am Cartoon. 11.00 The Fantastic Four. 11.30 America's Top Ten. 1.00 pm Farming Outlook. 1.25 Grampian Headlines. 1.30 Cartoon Time. 1.45 Link. 12.00 Living and Growing for Adults. 12.00 am Reflections.

GRANADA

9.25 am Cartoon Time. 1.00 pm Members Only. 1.05 This is Your Right. 1.05 Aap Kaa Hak. 1.40 Link. 12.05 am Prisoner: Cell Block H, followed by ITN News Headlines. 1.05 Donahue.

HTV

9.25 am Cartoon Time. 1.00 pm HTV News. 1.05 Farming Wales, followed by Weather for Farmers. 1.35 Cartoon Time. 1.45 Link. 6.35 HTV News. 12.00 Getting in on the Act. 12.15 am America's Top Ten.

SCOTTISH

9.25 am Get Fresh on Sunday, including Porky and Daffy. 11.00 Terrahawks. 11.35 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 1.40 Link. 12.00 Living and Growing for Adults. 12.30 am Cram Tara. 1.00 Donahue, followed by ITN News Headlines. 12.00 The Hollywood Movie: "The Westerner", with Gary Cooper.

TSW

9.25 am Porky and Daffy. 10.30 Gardens for All. 1.00 pm Farming News. 1.30 Fisheries News. 1.40 Link followed by South West Link. 5.30 The Campbells. 6.35 Today News. 12.00 Sunday Review.

TVS

9.25 am Sunday with Get Fresh, followed by Cartoon Time. 1.30 pm TVS News. 1.05 Link. 1.20 Action! 1.30 Farm Focus. 1.57 TVS Weather. 12.00 Quincy.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Regional News. 1.35 Link. 1.50 Cartoon Time. 9.30 Highway to Heaven. 6.35 Regional News. 12.00 Living and Growing for Adults. 12.30 am Epilogue. 12.40 Jobfinder.

YORKSHIRE

9.25 am Cartoon Time. 1.30 pm Calendar News and local weather, followed by Five Minutes. 1.10 Link. 1.25 Farming Diary, followed by Farming and Inshore Weather. 12.30 am ITN News Headlines followed by the Sunday Late Film: "No Place to Hide".

RADIO

Stereo on FM

BBC RADIO 2

7.30 am Roger Royle says 'Good Morning Sunday' 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 All-Time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (FM only). 3.30 Alan Dell with Sounds Easy (FM only). 4.00 Marian Foster presents Orchestral Favourites (FM only). 4.30 Sing Something Simple with the Cliff Adams Singers (FM only).

5.30 Charlie Chester with your Sunday Soapbox. 7.35 Sir Geraint Evans presents a personal choice of music. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.45 John Alley at the piano. 11.00 Tony Russell with 'Sounds of Jazz'. 1.00 am David Bellan presents 'Nightride'. 3.00-4.00 A Little Night Music.

BBC RADIO 3

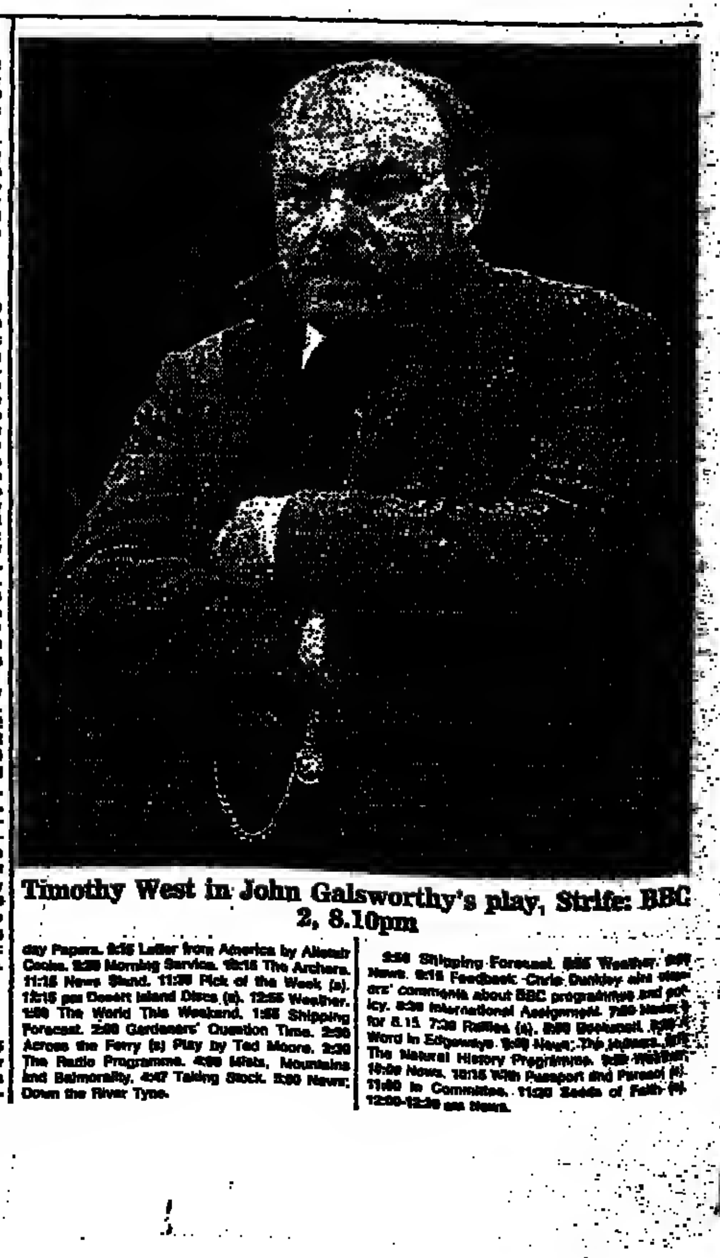
7.00 am From Monteverdi to Mozart. 7.30 News. 7.35 Campoli in Concert (mono). 8.30 News. 8.35 Your Concert Choice. 10.00 Music Weekly. 11.15 BBC Symphony Orchestra Spring Tour. Concert with Heinz Holliger (oboe): Tchaikovsky (Hamlet), Krommer (Oboe Concerto No 2); (12.00 Interval Reading) 12.05 pm Beethoven (Symphony No 3, 'Eroica'). 1.10 Salvatore Accardo (violin) with Bruno Canino (piano) in Beethoven's Spring Sonata and Prokofiev's No 2. 2.10 Writers Talking (Poet and novelist Iain Crichton-Smith in conversation with Allan Massie). 2.35 Beethoven Arrangements. Piano Trio in D (arr from Symphony No 2) played by the Beaux Arts Trio. 3.15 BBC Singers in St Albans Abbey with Andrew Parnell (organ): Bach (Singet dem Herrn ein neues Lied BWV 225), Judith Weir (Ascending into Heaven), Daniel-Lesur (Le Cantique des cantiques); 4.00 Interval Reading. 4.05 Kodaly (Missa brevis). 4.45 Celebrity Recital: Paul Tortelier (cello) with Geoffrey Pratley (piano): Saint-Saens (Sonata No 1), Debussy (Sonata in G minor), Tortelier (Mon cirque); (5.40 Interval Reading) 5.45 Brahms (Sonata No 1).

6.15 Isles Apart (Third of six documentaries by John Keay about Indonesia and the Philippines). 7.00 Arensky. Piano Concerto in F minor Op 2 played by Alexei Cherkassov with the USSR Radio SO conducted by Alexander Alexeev. 7.30 Almeida Festival: Nash Ensemble with David Wilson Johnson (baritone) in the Union Chapel, Islington, London: Anthony Payne (Sea-Change), Maw (Ghost Dances); (8.10 Interval: Justin Connolly, Peter Paul Nash and Stephen Walsh discuss this evening's music and the performances heard so far.) 8.25 Colin Matthews (The Great Journey). 9.30 The Surprise of Being (Poems by the Portuguese poet Fernando Pessoa). 9.35 Beethoven. Symphony No 4 performed by the Berlin PO under Karajan at last year's Salzburg Festival. 10.30 Choral Evensong. 11.35 Haydn: Symphony No 67 played by L'Estro Armonico. 12.00-12.05 am News.

RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 Waterlines. 7.40 Sunday including 7.55 Weather. 8.00 News 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week (s). 12.15 pm Desert Island Discs (s). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Across the Ferry (s) Play by Ted Moore. 3.30 The Radio Programme. 4.00 Mists, Mountains and Balmorality. 4.47 Taking Stock. 5.00 News; Down the River Tyne.

5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. Chris Dunkley airs listeners' comments about BBC programmes and policy. 6.30 International Assignment. 7.00 News for 8.15. 7.30 Raffles (s). 8.00 Bookshelf. 8.30 Word in Edgeways. 9.00 News; The Natural History Programme. 9.59 Weather. 10.00 News. 10.15 With Passport and Parasol (s). 11.00 In Committee. 11.30 Seeds of Faith (s). 12.00-12.30 am News.



Timothy West in John Galsworthy's play, Strife: BBC 2, 8.10pm